

# **Analysis of governance strategies in the North Caucasian republics with respect to conflict regulation and development<sup>1</sup>**

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## **1. Introduction and problem statement**

The analysis of modern political systems and governance strategies (in other terms - political regimes) in the Northern Caucasus is presented in the scientific literature mainly from the perspective of "democratization" and comparisons with some idealized Western liberal democratic model. The causes of the crises in the economy and protracted conflicts in the Caucasus are often explained by the current political regimes being still alienated from this model. The "democratic" discourse obscures some facts from the modern history of the development of the Northern Caucasian regions. The Northern Caucasus overcame harsh 1990s, entered the new millennium and did manage to avoid general anarchy and confusion, disintegration, famine, mass emigration of people. Moreover, in many spheres of social, political and economic life there is a clear progress. Despite the well-known "diseases" of local communities - corruption, high levels of subsidies, imperfect electoral mechanisms, censorship in the media etc, sustainable patterns of interaction of the population and the authorities to ensure certain legitimacy are observed. This interaction is not always based on the known mechanisms adopted in the model of liberal democracy. On the contrary, elections, referenda etc. often become a farce. Deep informal mechanisms of influence the government and its legitimacy has been poorly investigated. Moreover, the very concepts of power and its functions are region-dependent.

The introduction and increased pushing of the discourse of democratic governance marginalizes the actual study of the internal dynamics of political regimes. On the other hand, the lack of relevant research methods does not facilitate a detailed study of the real socio-anthropological and political processes at the regional level. The Soviet heritage, with its emphasis on the analysis of social processes in historical perspective left no chance for the researchers to study the actual situation. There is a big gap between ethnographic and political studies on the Northern Caucasus. The first are being thorough and comprehensive (Tishkov, Valerie 1997, 1999; Kazenin, Konstantin 2009; Chumakov, A.N. 2010; Drobizheva, L.M. (Ed.) 2003), whereas the last have largely macro regional and generalizing character (Feldman, D.M. 1997; Nikovskaya, L. I./Stepanov, Ye. I. 2000; Zaprudskiy, Y.G. 1992; Zdravomyslov, A. G. 1997).

In this regard, the authors see two major dangers that one would face in the way of analyzing real mechanisms and governance practices: a) blind adherence to dogma and concepts, including "progressive western thought"; b) weak and superficial study of local processes and interactions of actors, institutions and key resources. As shown by previous work (Gunya/Koehler 2013), processes in the regions, if studied thoroughly, can yield very interesting findings. For example, one of them is the fact that the local "democracy" may establish its own order and ensure stability and security in a certain sense. This "local democracy" is quite different from the "Western" model with its inherent principles of sovereignty, representation, equality and pluralism.

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<sup>1</sup> The results of this analysis are based on data from field studies conducted in the Northern Caucasus by the team of the North Caucasian Graduate School of Conflict Studies of Kabardino-Balkaria State University within the research project "Internal and external social factors of stability and instability in the Caucasus and the response capabilities of the European Union» (<http://www.issiceu.eu>).

Nevertheless, it may be best adapted to the local geographical and historical conditions, being able to effectively prevent serious conflicts and outbursts of violence. Of course, it should be idealized in no way. But to dump it off and make efforts to "inoculate" alien institutions (which actually happened in 1990 and is often repeated now) seems hardly productive. The state deludes itself, using generally accepted democratic laws which are not effective enough in a very specific informal institutional environment, and dissipates time and effort to get around related formal institutions.

The situation resembles the attempts to establish the "supremacy of law". The ability to share mutually beneficial functioning of several legal systems is not being considered as a reality of everyday social life. But, as shown in the studies on Central Asia and the Caucasus, the state law and the traditional rules can effectively complement each other in certain situations (Koehler/Gunya/Shogenov 2014, Babich 2000).

At the same time much has been written on the governance proper as an external regulatory factor, its positive and negative sides in the Caucasus and the resulting lessons. However, in recent decades, it is given a more negative evaluation. The consequences of the Russian-Caucasian war, particularly, mass departure of Circassians from the Northern Caucasus in the Middle East and Turkey, Stalin evictions in 1943-1944 and, finally, the war in Chechnya are still alive in the memory of North Caucasian peoples. The state itself (as well as multinational corporations, unions and blocks) is interested in the simplification of the real situation, for the convenience of governance, control and accounting (Scott 1998). Being heterogeneous in its cultural, historical, geographical and other features the Northern Caucasus is a variety of objective conditions under which the unification of external governance alongside with regulatory functions and decisions is difficult and not always effective. History shows that the attempts to unify the vertical power demanded enormous efforts for the maintenance of structures for control and sanctions. At the same time the introduction of ready-made samples of democracy in recent decades has often led to high transaction costs, and, at times, to the conflicts.

In some studies local mechanisms of self-organization and self-governance in the Northern Caucasus are estimated in modern conditions as the only possible measures to prevent violent conflicts (see. e.g. Dmitriev 2003), which is, in our opinion, an extreme viewpoint. More effective for the Northern Caucasus could be governance mechanisms, which are mostly hybrids of formal and informal institutional structures, including the deep-rooted traditional institutions and norms (Gunya 2004, 2007).

## **2. Methodological approach**

The goal of this article is to analyze local governance practices. Emphasis will be placed on how local democratic institutions are involved in the political regimes and the way their functions are adjusted for the legitimization of the power of the ruling elites, the relations of formal and informal institutions and practices of governance and how they are used to resolve social conflicts in case of regime change, in particular for ensuring a gradual, rather than sudden (less controlled) change of the ruling elites, adapting to external changes.

It is focused on the identification and study of conflicts. Conflict is seen as an attribute of the dynamics of all social processes and phenomena which invariably accompanies them, playing both negative and positive role in the development. By themselves, conflicts can serve at the same time as an indicator both of the doldrums and regress or progress. Their study provides the key to understanding the dynamics of social processes (Gunya/Koehler/Zürcher 2008).

Conflict has been studied on the basis of the previously developed method of analysis involving the environment of conflicts, actors, key resources, institutions (Koehler/Gunya 2011).

According to the principles of the institutionally oriented approach (Koehler 2013), conflicts do not occur randomly, they are subject to certain rules - formal and informal. Sustainable reproduction of these rules over time leads to their consolidation in the daily life of people, communities and social groups. It is the institutions which bear the responsibility for either the peaceful or violent character of the conflict. They affect the scope and the level of violence in the conflict or, on the contrary, create a framework for its peaceful flow, holding it in the vein, which provides, on the one hand, the development, and on the other - keeps them away from the trajectories that can lead to inefficient use of resources, violence or even destruction of social systems.

An institutionally oriented approach to the study of conflicts implies the existence of special rules that regulate conflict through various procedures and provide social dynamics, making the institutional structure of the society more secure, and therefore ready to be selective (not leading to destruction and fragmentation) to the changes in the society as a whole. Elwert has defined such a rules-based method of regulating conflicts as a procedure, Luhmann has demonstrated its ability to generate legitimacy and Hirschmann convincingly proved that conflict lies in the center of social cohesion, which is observed in other democratic and modern communities (Elwert 2002; Luhmann 1983; Hirschman 1994).

The present study attempts to analyze governance strategies in the Northern Caucasus in terms of different ways of managing conflict development: through the use of institutions and procedures (as a rule, there is a combination of formal and informal institutions) or on the basis of the so-called "manual" control (the decisions taken come from the center, the control and sanctions depending on the actual situation). In the latter case, institutions rooted in the society remain poor, whereas loyalty to the authorities is provided by subsidies.

### **3. Governance and centralization / decentralization of power: do conflicts appear because of the access to resources?**

The study is based on the data obtained from the research of the governance practices in the Northern Caucasus at two main levels: 1) at the level of interaction between the federal center and the regions; 2) at the level of local communities built-in the system of power, but with their own political dynamics.

#### *3.1. Governance and centralization of power by the example of the relationship of the federal center and the regions*

The diversity of the regions of the Northern Caucasus reveals two most common governance strategies based on their degree of centralization. The first of these is presented in Chechnya. This highly centralized governance with direct appointments to official positions, the preferential formation of the budget by means of the federal grants and the state monopoly on land. Here the head of the republic does not have direct opposition. He also monitors the average and big business of the republic. The heads of some areas of the republic are appointed. Federal subsidies and development programs provide a high level of security and the gradual recovery of the economy. However, most projects can be frozen in case of the decrease of the federal subsidies. The practice of mentoring on the economic development of certain regions of the republic on behalf of Kadyrov by individual public officials or influential businessmen is widely developed. Kadyrov himself has broad support among the population. The current situation in Chechnya can be considered privileged. For instance, the attempt of Arsen Kanokov, the previous head of Kabardino-Balkaria, to monopolize power and business led to the destabilization of the country and his subsequent resignation in 2013.

The second governance strategy can be represented by the most prominent example of Karachay-Cherkessia, where the head of the republic is a compromise figure for the core business clans. The struggle for access to the budget flows and penetrates to the local level. The ethnic component may be involved in this fight, but economic interests, usually force the business elite to cooperate regardless of the ethnicity. On the low-land part of the republic land has been privatized<sup>2</sup>. One can often observe a violent confrontation between different concerned groups, there are organized criminal groups that offer their services in the struggle for the resources. However, constant interaction between the actors and multilateral negotiations play a large role in the perpetuation of the institutions and long-term stabilization of the political system as a whole. This region is becoming more attractive to investors.

Centralization of power and governance are closely linked with the governance structure. All the North Caucasian entities were united as equal members within the North Caucasus Federal District in 2010 (with the center in Pyatigorsk) in terms of providing effective federal governance. At that stage, one can identify a number of key changes, forming a qualitatively new relationship through the interaction of the subjects with the federal government:

- the establishment of federal districts with the transfer of control and auditing powers and the challenges of the development;
- the unification of the system regional legislations to bringing them into line with the federal regulations until the abolition of certain norms related primarily to the sovereignty and the concept of citizenship in the North Caucasian republics. So, in 2006, from the Constitution of the Kabardino-Balkarian Republic Art. 6 was excluded, which determined the citizenship of the Republic. Now the term "citizen of the Kabardino-Balkarian Republic," is no longer mentioned (Tenov 2011);
- alignment of the general system of the formation of the heads of subjects of the Russian Federation, where the absolute right to determine the candidates for these positions is delegated to the federal center (the President of the Russian Federation), restores the Soviet practice of uniform standards for all the subjects of the Federation;
- narrowing of the limits of competence and the rights of the heads of the subjects of the Russian Federation and the introduction of an intermediate barrier in the form of the Federal District with which whatever initiatives and proposals should be previously coordinated<sup>3</sup>.

According to some experts, the new administrative structure of the authorities was aimed at expanding legitimate frameworks of the federal center, alongside with a rigid vertical of power, which allowed passing to a combination of neoliberal principles and semi-authoritarian system in economy and finance as well (Demyanenko, Yu.A. 2012; Avtonomov, A.S. 2001).

On May 12, 2014 the Russian president created a special ministry for the Northern Caucasus, the main task of which is defined as the transition from the principle of sectoral financing and governance for the benefit of the regional one. An official who was not previously associated with the Northern Caucasus was offered one of the leading positions in the region. Along with the established Ministry the North Caucasian Federal District (NCFD) keeps functioning. The position of the plenipotentiary representative was offered to a former military, Sergei Melikov. For the first time during the existence of the Federal Districts, this trend will be managed by the

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<sup>2</sup> This is almost a unique case in North Caucasus, where the privatization of the lands has been suspended by the federal law, except for a few similarities in some areas of Dagestan, for example in Kulinskiy district inhabited by the Laks.

<sup>3</sup> In the past 5 years, with the alignment by the Federal Centre the rigid vertical power, the unitarisation trend is further enhanced. This is reflected not only in the abolition of the elective principle for the regional leaders, strengthening of the administrative resource, but also in the redistribution of powers in favor of the Centre and intergovernmental relations. The form, inherently federal was filled with an absolute unitary content, which in itself contains a contradiction and becomes an additional destabilizing factor.

representative of one of the indigenous peoples of the region (Sergey Malikov is ethnic Lezghin). Together with this, it was stressed that Alexandr Khloponin (former head of the NCFD) will hold the position of the Deputy Prime Minister of the Russian Federation and will continue to oversee the launched economic projects. Many experts believe that Moscow, by way of introducing such changes, enhances the power block, overshadowing the socio-economic component.

If to trace chronologically the structural changes, it can be concluded that under the interaction between the federal center and the regions a comprehensive attempt can be observed and that attempt is to jointly solve two basic problems - economic development and security. However, assignment of business representatives to state positions (so-called "business approach") turned out inefficient. This approach, based on the tough and pragmatic decisions, came into conflict to collectivist values and traditional notions of social fairness of the Northern Caucasus peoples.

One of the unsuccessful governance practices of the "district system" in the Northern Caucasus is apparently the inability of the plenipotentiary representatives to overcome the priority of personal ties and relationships between the heads of the republics and the federal government in favor of the institutional (more sustainable) forms. The logic of the recent changes lies in the attempt to dissolve the political and economic components of governance. The created Ministry should focus on the implementation of economic programs and projects, whereas the new plenipotentiary representative in view of his professional expertise should deal with security and political stability in the region.

### *3.1. Governance at the local level*

A special place in the understanding of governance processes is occupied by the municipal reform, which took place largely in parallel with the processes of strengthening the vertical of power at the federal and regional levels. Initially at the local level both functions – the function of governance and of socio-economic development were concentrated. The flow of subsidies provided jobs for the administrative system and economic projects. Federal legislation on local governments, adopted on 6 October 2003, envisaged conducting large-scale transformations. It was supposed to tighten the regulation of local government by measures of unification of governance models, local competencies and funding principles.. The main directions of reforms were following::

- a two-level model of local government, providing the formation of municipal structures at settlement level and municipalities, was introduced as a basic one throughout the country;
- there was introduced a more precise regulation of transferring certain state powers to the local level to ensure their funding from the budgets of higher levels;
- a representative body, the head of the municipality, as well as the local administration was envisaged for each municipality;
- the list of assets for the municipal property was limited;
- on a regular basis revenue sources were attached to municipalities; principles and mechanisms for providing financial assistance to municipalities, originating from the need of financial equalization<sup>4</sup>.

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<sup>4</sup> According to the Ministry of Regional Development of the Russian Federation, by October 1, 2005, a system of municipalities in all regions of the Russian Federation, with the exception of the Republic of Ingushetia and the Chechen Republic had completely been formed. Boundaries were established and the status of 24510 municipalities, including 520 urban districts, municipal districts in 1819, 1826 and 20109 rural towns, 236 municipalities in the cities of federal significance was defined (Voprosy 2005).

The new legislation on local government significantly tightened the regulation. In particular, for every municipality of the representative body it envisaged the head of the municipality and the local administration. For all the municipalities, except for rural settlements (initially - for settlements with a population of less than 1,000 people), it prohibited the combination of the post of the head of the representative body and the head of the local administration. The head of the municipality could take only one of these positions. Also, strictly regulated were the number of seats in the representative body of the municipality and the number of deputies working on a permanent basis. However, later several other forms of the structure of municipal authority were formed. The creation of local government could be carried out in accordance with one of the following models, the first three of which had a universal character, whereas the fourth and fifth could only be implemented in rural areas:

- 1) the head of the municipality is elected in a general election and heads the local administration, the chairman of the representative body is elected from the staff of the body;
- 2) the head of the municipality is elected in a general election and heads the representative body, in this case the head of the local administration is contracted;
- 3) the head of the municipality is elected from the representative body and heads this body, the head of the local administration being also hired on a contract basis;
- 4) (for rural settlements), the head of the municipality is elected in a general election and heads both the representative body and the local administration;
- 5) (for rural settlements), the head of the municipality is elected from the staff of the representative body and heads both the representative body and the local administration.

With regard to the municipal area for the formation of a representative body additional options were introduced. It could be elected by the population of the municipal district in the general election. It could also be formed by delegating heads and deputies of the settlements within the municipal district. In the latter case, the head of the administration was to be hired on contract.

The structure of local governments could also include a control authority and other bodies and the elected officials of local self-government. Among the subjects discussed here three basic principles of local government bodies can be singled out: regions with dominating model of electing the head from the staff of the deputies, the regions in which the explicit priority is given to direct election of the head of administration and regions with a mixed approach. Thus, in Kabardino-Balkaria in the vast majority of rural settlements the head of the municipality is appointed on the proposal of the district administration and simultaneously heads the local administration and the representative body; in the Republic of Dagestan, about 90% of heads of municipalities are elected in a general election, but in the same way as in the Republic of Kabardino-Balkaria, the heads of rural settlements combine the post of the head of the local administration and the chairman of the representative body; in Karachay-Cherkessia there is implemented a mixed model with a predominance of direct elections at the municipalities of the first level.

Thus, formally the local government is not part of state government, but in fact is very closely related to it. The law on municipal administration inherited many elements of the European Charter of Local Self-Government. But in fact most of the 40 implied powers to the municipal level remain only on paper, since their implementation is not supported by the necessary resource possibilities. However, local level shows some real democratic procedures, such as the election of the local head, the results of which are difficult to predict which at times leads to a protest against the "imposition" of candidates. Besides a local community may also enter into conflict with the government intervention in the form of various development programs, when top-down projects are not satisfactory for the locals (Chechenov/Gaunova/Kushhova 2014). Another important feature is that the basic level of governance is represented by local communities, which are more or less relatively independent, are engaged in subsistence farming

and have a high degree of embeddedness of traditional informal institutions, which in turn is a major obstacle to the centralization of power (Gunya/Koehler/Zurcher 2008).

#### 4. Manifestations of regional governance strategies at the local level

##### 4.1. Empirical Evidence

To analyze the relationship between local communities with the existing regional governance strategies two North Caucasian republics were chosen – Kabardino-Balkaria and Karachay-Cherkessia. They are typical representatives of the North Caucasus regions from the standpoint of socio-political and economic situation; however represent different cases of conflict resolution. From the other hand, they are peculiar republics - twins in terms of a combination of ethnic groups that give the name of the republic. . In Kabardino-Balkaria one can observe strict centralization of power, suppression of the opposition, poor development of democratic institutions, many of which are designed to serve the interests of the current ruling elite. In contrast, in Karachay-Cherkessia there is still some tension and competition in the power-sharing issues exacerbated since local presidential elections in 1999 and 2003. Despite the pretty similar elites consisted of business clans and related officials, the split of the society into loyal supporters of the authorities and opposition is still an important factor of instability in the political life of Karachay-Cherkessia.

Within these two republics thirteen villages located in different ethno-cultural habitats, with varying population size and different economic conditions and livelihoods were selected. Apart from this, the selected villages are at different distances from the local (republican district) administrative centers: near the center and within the periphery (Chart 1):

Name	Main ethnic groups	Population	Proximity to administrative centers	Resource capacity
Ulyanovskoye	Russians, Meskhetian Turks	1500	Remote from administrative centers	Piedmont plains with fertile lands, arid
Novo-Ivanovskoye	Russians	3300	Relative proximity to administrative centers	Piedmont plains with fertile lands
Novaya Balkaria	Balkars, Meskhetian Turks	1100	Relative proximity to administrative centers	
Stary Cherek	Kabardians	6500	Close to the district center, close to Nalchik	Foothill-low elevation areas with limited capacity of land resources
Islamey		11500		
Aushiguer		4850		
Krasny Kurgan	Karachais	3200	Close to the district center, close to Kislovodsk	Low, pasture-deficient lands
Kardonikskaya	Russians, Karachais	7800	Relative proximity to the district center	
Zhakhoteko	Balkars (60%) and Kabardians (40%)	1350	Remote from the administrative centers	

Khasania	Balkars	10800	Suburb of Nalchik	
Khumara	Cherkassians	1200	Relative proximity to the district center	
Nyzhiaya Teberda	Karachais	1200		Midlands with deficiency of land for agriculture
Elbrus	Balkars	5370	Remote from the administrative centers	Highlands with deficiency of land for agriculture and great potential for pasture

**Chart 1. Description of the sample villages**

Villages *Ulyanovskoye*, *Novo Ivanovskoye* and *Novaya Balkaria* are fertile plain area, the development of their resources began relatively recently in the Soviet time. They took the advantage of the collective farming. This area predominantly represents Russian-speaking population, except in some areas inhabited relatively recently by Balkar and Meskhetian Turks.

*Ulyanovskoye* - the village mainly populated by Russians (formerly almost 80% were ethnic Germans who moved from the Volga region, many of them now immigrated to Germany), but recently there has been growth in the share of the Meskhetian Turks. Youth from Russian-speaking families prefer not to stay in the village. The village is remote from the administrative centers. The use of the local resources (land) was the most efficient in the framework of large collective farms, involving technology, investment in irrigation systems and others. Now small-scale private agriculture is heavily dependent on the organization of irrigation.

The village of *Novo-Ivanovskoye* is populated by Russians. This is one of the relatively prosperous villages that has retained a collective farm and takes advantages of fertile lands. It has stable contracts with large agro-processing firms.

The village of *Novaya Balkaria* is on the plains. The history of this village is linked with the eviction of Balkars in 1944 to Kazakhstan. After returning, part of Balkar families appealed to the government to allocate them land on the plain for permanent settlement. The application was motivated by the fact that Balkars who returned to their homes experienced a shortage of land in the mountains. In addition, many of them acquired new skills of farmers, living and working in the virgin lands of Kazakhstan. Since 1958, the population of the village of *Novaya Balkaria* increased by 4 times and amounted to more than 1,200. In the 1970s, Meskhetian Turks came here from Central Asia. The formal and the actual power in *Novaya Balkaria* is concentrated in the hands of an enterprising head of the local administration. He has been the head elected by local people since 1992. Thanks to his activity, a new school, hospital and kindergarten have been built, roads repaired. The village is fully supplied with natural gas, electricity, water etc. Other formal institutions that are typical for majority of the sample villages are the Council of Elders, Women's council and the Muslim community.

Kabardian villages *Stary Cherek*, *Islamey* and *Aushiger* are located in the foothills, passing to the low area with fertile soils, their exploitation being restricted by the dissected relief. Location near highways and proximity to the center promotes the development of commodity economy and the daily journey to work in the city.

*Stary Cherek* is an old Kabardian village, ancestral village of many famous Kabardian families. Part of the population works in the capital. Here is a relatively well-developed infrastructure (water and gas), strong family and clan institutions regulating the internal life of the village and governing certain rules. Those institutions are also responsible for the sanctions for violations among local community. It must be emphasized that the agricultural land is not privately owned,



except for vegetable gardens belonging to the line of settlement. The land is leased to individual owners approximately of the same proportion as the land is leased to various corporations and businesses. The years of the highest land use were the 1970-1980s. Grasslands were practiced in the 1950s. At present, the area under pasture is reduced and arable land share is higher than in the period of the maximal development.

*Islamei* - the biggest village of the sample (more than 11 thousand people). It stretches along the valley of the Baksan, every piece of land has been developed. There are a number of housing and communal problems inherent in large settlements, such as water supply, allocation of land for housing, the lack of places in kindergartens and others. The favorable soil and climatic conditions are conducive to gardening.

*Aushiger* - a large village, with the developed horticulture. Some people are busy at work in Nalchik. There is a shortage of land for agriculture.

*Krasny Kurgan* is populated predominantly by Karachais and has a favorable geographical position, located near Kislovodsk on the track Kislovodsk - Karachaevsk - Stavropol. Unlike many settlements here one can observe population growth (4100 people compared to the early 1990s when there were 3120 people). There is a stud, lots of sewing workshops, a number of tourist facilities. All this gives job, besides closeness to Kislovodsk favors additional sources of jobs. *Krasny Kurgan* has a large area of agricultural land, unlike other municipalities that used to have collective farms but whose lands are owned nowadays by the districts.

*Stanitsa Kardonikskaya* - a large Cossack settlement, located at the junction of slope lowlands and midlands with large potential of pasture resources. In the past quarter of the century an influx of Karachay population has been observed. In Soviet times the population in addition to agriculture, was employed in the industrial sector, which has now fallen into disrepair.

*Zhanhoteko* village is located on the border of the Balkar and Kabardian resettlement areas. Balkars and Kabardians live here. In the early 1990s there were tumultuous debates as to what district this village belongs: either to Baksan (Kabardian) district or Elbrussky (Balkarian) district. Before perestroika the main position belonged to the chairman of the collective farm, and the second position was occupied by the chairman of the village council. This position was held by a Kabardian, while the chairman of the board was a Balkar. Once farms have ceased to play a major role, there became a change in the leadership. Now the basic position of the head of administration is held by a Balkar and his deputy is a Kabardian. People live here mainly due to their plots. Due to the lack of land area lately such sites decreased twice. Most young people experience difficulties with employment.

*Khasanya* – the largest Balkarian village in the suburb of Nalchik. Ease of geographical location near the city of Nalchik combined with the advantages of a rural way of life and involvement in agriculture are attractive for its population. The key problem in the village, according to the majority of respondents, is the shortage of land, including land for housing. Despite the high level of official unemployment, the standard of living is quite high. All the necessary social, household goods and high birth rates are noted here. Proximity to Nalchik and the development of public transport also removes a possible shortage of various goods and services. The population is actively investing in the education of their children, one of the major expenses (after housing and construction) being additional private classes for kids - sports, clubs, tutoring. Young people prefer and have the resources to be educated in the central cities of the Russian Federation. However, many see their future in the village and come back at the end of training. What is the reason for such high investments in education is unclear, since there is almost no fields to apply new competencies (perhaps it is a local system of prestige). Most bind their life prospects with family ties, close friends and rely on their own strength. One of the main sources of income is the garden land, in particular the keeping of livestock (vegetable and fruit growing). The population is growing rapidly, which creates a shortage of housing.

*Khumara* - the highest village situated on the border of the Circassian lowlands and midlands. Deficiency of agricultural land and the absence of additional earnings (in Soviet times, jobs were provided by the mines and small industrial enterprises) give rise to unemployment and out-migration. The village is gradually transformed into a cultural center, the family nest for the Circassians who come on vacation, to take care for the elderly relatives.

*Nyzhiaya Teberda* - Karachai settlement on a transit route to Dombay. It is in the shadow of many major centers of development: the district center and agglomeration Karachaevsk and recreational alpine centers. Deficiency of land for agriculture is pushing people to seek alternative sources of income and business.

*Elbrus* - large Balkar village in the highlands, in the valley of the Baksan. Tourism development in the past half century has significantly changed the appearance of the village, turning it into an urbanized locality in which the majority of the population lives due to services. Nevertheless, agriculture is of great importance for all the inhabitants, including those who live in apartments. Currently, agricultural production is increasingly used for the local tourism industry.

#### *4.2. Comparative analysis of the key villages: actors, resources, institutions*

##### *Actors at the local level*

The diversity of ethnic, cultural and natural resource conditions and the development opportunities are closely linked with the emergence of motivations and incentives of various actors to ensure their access to key resources. The main actors in most cases are the heads of the municipalities. In the case of Novo Ivanovskaya the old Soviet practice by which the leading role in the regulation of the access to the resources was assigned to the chairman of the agricultural enterprise is preserved. thanks to the chairman, who had a authoritative support at the republican level and who was able to resist destructive innovations. In those cases where the resources are scarce, there are no leaders to clearly stand out (*Khumara*). Corporate tradition in making decisions that do not affect the foundations of the rule of law is observed. In some villages, along with the heads of the local administrations the important role is played by the district administration to intervene in the governance at the municipal level. The head of the administration willingly becomes dependent on the exchange for benefits and provides small transfers (*Zhanhoteko*).

Important characteristics of the actors are formal and informal leadership in the municipal administration; the system of actors-functionaries around the leaders (sponsors, authoritative people, religious leaders, directors of schools, hospitals); formal and informal links of the municipality with the regional managerial elite.

A significant role in decisions on the access to key resources is played by the local deputies. In most cases they have undergone informal election procedures, the position of a deputy becoming increasingly prestigious. Some deputies are both successful entrepreneurs, who enjoy respect at the local level.

In some cases, conflicts (such as disputes on land or borders) can involve national actors and organizations defending the corporate right of access to the resources. Very active are Balkar and Karachai national movements, in rare cases - Cossack and Orthodox communities, associations of Meskhetian Turks.

##### *Key resources*

The land as well as government subsidies are the main livelihoods resources. For different villages the land has a different value. For the mountainous Elbrus the land is a market resource, its price reaches a few thousand dollars for a weaving, while in Ulyanovskoye to find a buyer for the land is difficult, many sites are empty. The commercialization of land and its introduction into circulation depends on many circumstances. Demand for land can be heated through subjective factors, such as prestige, desire for long-term investments of capital (as in the case of the village of Elbrus). In some cases, however, the demand for land is reduced due to a number of ethnic and cultural factors that limit access to the land for actors who are undesirable for the local community.

Access to the lands, which are not subject to purchase and sale but are used on a rental basis, is controlled by officials at district level. In this case the local government only in certain cases exercises control (Novo-Ivanovskoye, Elbrus, Krasny Kurgan.). As a rule, the villages with strong local governance (Elbrus) or active leaders (Novo-Ivanovskoye, Krasny Kurgan) are meant here. For example, in the case of Elbrus land surveying of the area was held. In most cases, the rules of the lease relations are established at the district level, where the main taxes on land rent go. Other popular resources include water (Ulyanovskoye), forest (Nizhniaya Teberda), and also geographic location. The favorable geographical positions of Krasny Kurgan and Khasania serve to diversify the use of resources and activities in the advantageous position in market relations. The remoteness of many villages and poor resources lead to the marginalization of local communities, targeting at public subsidies and dependency.

### *Institutions*

The whole mechanism of vital functions and interactions of the key actors in the given conditions as well as rivalry for the scarce resources are based on the existing institutions, including those developed for many years and introduced from outside. Informal institutions often join the official state institutions as well as institutions of local self-government. They form a kind of symbiotic combination of rules that allow satisfying the interests of the various actors. Underdevelopment of monitoring and sanctions for the compliance of certain rules imposed by the state also reduces the effectiveness of state institutions. The share of the government regulation is higher in the Russian-speaking villages (Ulyanovskoye, Novo-Ivanovskoye, Kardonikskaya), and where there is shortage of resources (Zhanhoteko, Khumara). The regulatory role of the state is also obvious in Elbrus, where there are resources strategically important for the state - environmental and recreation resources. In most villages the regulation of the access to the resources, the relationships within the community and between the community and external actors are based on the combination of formal and informal rules. It is important to note the presence of competition between federal republican and regional institutions for the regulation of the access to the key resources.

## **5. Conclusion**

As shown by the comparative analysis of regional strategies of governance and the response of the communities to these, conflicts between the state and the local communities are closely linked, on the one hand, with the centralization of power and its penetration to the local level, the amount of subsidies, government programs and innovations. At the local level the differences in regional governance strategies are attenuated. On the other hand, the severity of a conflict may vary depending on the local circumstances (geographical conditions, informal institutions, multi-

ethnicity, availability of resources etc.). However, these features do not affect in the same way. So, for example, both homogeneous and heterogeneous communities can equally respond to the usurpation of power, reforms and development subsidies.. Both in Kabardino-Balkaria and Karachay-Cherkessia there exist cohesive communities in which many democratic governance functions are implemented: elections with intense competition, making their own decisions on the regulations of the access to resources, and others. In both republics, there are communities in which any state invasion, differing from the interests of the local population become locked. Thus, the federal government development programs on a tourism cluster in the highlands of the Northern Caucasus have caused considerable friction and conflicts between local and national levels. The latter was caused by such an important strategic resource as land (eg, villages of Elbrus and Bezengi). At the same time it helped to intensify civic participation (protests, elections, mobilization) and the formation of new institutional structures at the local level. In regions with low governmental efficiency and high degree of corruption subsidization has led to the development of "budget economy" on paper, but not to the real development. The success observed in the real sector of the economy is only a form of legalization of budgetary infusions.

Most local communities make use of the strategy of adaptation and use state resources, with emphasis on the parallel coexistence of the formal state and local self-government institutions.

Contemporary governance system in the Northern Caucasus is a symbiosis of formal and informal, traditional and innovative governance practices (Gunya et.al. 2013). Democratic procedures are included in the political system of governance based on the legitimate incorporation of "new" elites in the governing process. It is believed that this kind of hybridity is a temporary transit status and suggests political and socio-economic instability (Nichol 2006). However, a permanent institutional hybridity contributes to some stability and survival of the local and conservative social systems. Creating hybrid institutional structures is closely linked to the need to resolve conflicts in a non-violent regulated framework. In particular, hybrid institutions create opportunities for gradual, rather than sudden (less controlled) changes in governance practices of the ruling elites as well. Of particular interest are the contradictions between the established informal institutions in the recruitment in the elite groups and innovations, promoted by the candidates from the business elites, their impact on the discourse of the relationship between state and society, the laws of the emergence and development of social and cultural identity and the formation of the understanding of the necessity of civic participation. Successful conflict governance, accompanied by a vertical stratification of power, the delineation of areas of influence of the leading actors (both individual and group, including strategic groups), the formation of the elite, creation of a mechanism of the appointment and confirmation of posts is the essence of "governance" in the Northern Caucasus. However, the effectiveness of such governance is currently estimated in terms of loyalty and conflict, bordering on stagnation. Priority in governance strategies is given to stability rather than development and this approach is unlikely to have long-term future.

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