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The review provides a detailed analysis of main trends in Russia's economy in 2013. The paper contains 6 big sections that highlight single aspects of Russia's economic development: the socio-political context; the monetary and credit spheres; financial sphere; the real sector; social sphere; institutional challenges. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts.

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**Land conflicts in North Caucasus: intensifying the confrontation**

Land conflicts in 2013 continued to occupy an important position in the socio-economic and political agenda in the North Caucasus. The following can be outlined as key results in this area last year:

1. The issue of the regulation of land rights, and the access of rural peoples to land disposal, came to the fore as the main subject of land conflicts; this issue has become more important to participants in land conflicts than the so-called “ethnic boundaries” which had previously taken centre stage.

2. Mechanisms are still not being developed within the framework of Russian legislation to allow for the effective resolution of problems relating to “overlapping land rights”.

3. Land conflicts have repeatedly transformed into confrontations in which the party that was not satisfied with the decisions of the governmental authorities has tried to establish its own system for regulation of land issues.

*Let us first consider the transformation of land conflicts from being a conflict around “ethnic boundaries” to the fight for people’s access to land disposal.* This transformation can be considered for the example of a conflict in Belaya Rechka village (Kabardino-Balkaria; population: 3,430 people according to data of the 2010 All-Russian Population Census). The conflict around this large village and its neighboring village, Khasanya, began as early as 2005 and at that time had the classic features of a dispute for “ethnic lands”. The conflict in Belaya Rechka, as with many other land conflicts in Kabardino-Balkaria, commenced as a result of the adoption by the regional parliament in February 2005 of a set of laws on the composition and borders of municipalities in the region. According to these laws, the Balkarian villages Belaya Rechka and Khasanya were included in the urban district of the city of Nalchik, thereby losing their local self-regulation. From that moment on, the heads of the rural administrations were appointed by the City Mayor’s Office of the capital of the republic, Nalchik. From 2005 Balkarian public organisations regularly put forward demands to return Belaya Rechka and Khasanya to the status of municipalities, formulating their requirement in ethnic terms: the 2005 municipal division was presented as infringing the interest of the Balkar people in favour of republican power in which the representatives of Balkaria were in a minority. There were demands to establish in the republic another “Balkar” region like that which had existed before the deportation of the Balkars in 1944, and to include both villages therein.

The development of the conflict in 2013 marked a change in the key requirements from the republican government by the residents of Belaya Rechka. In March-April hundreds of the village residents took part in a number of protest actions against the leasing out of a land plot with total area of 25 Ha to a local entrepreneur who intended to set-up orchards there. The lands that were at the centre of the conflict had previously been assigned to Belorechensky Sovkhoz (a state-owned farm). Now they were at the disposal of the City Mayor’s Office, which planned to lease the land out. The residents’ protest was because they had reckoned to obtain plots of the land for building work (according to the village activists and the administration, the number of village residents who need a plot to build their own house, varies from 500 to 800 people). This time, the residents initially demanded, not a revoking of the resolutions on municipal borders, but to change the order of land disposal, to transfer land plots into their ownership and

to avoid the situation where the lands directly adjoining the village, that had been used by its people in Soviet times, were now legally alienated from the village. (An important point in the development of the conflict in Belaya Rechka in 2013 was that the beneficiary party of the decision against which the villagers were fighting, was a fellow villager, the businessman planning to lease the land. That was why the focus of the dispute automatically moved away from being an issue of the ethnic background of the land.)

We should note that, today, the problem which has now become central in this conflict is typical of regions of the North Caucasus and one which has arisen lately in many other protest actions relating to land issues. In particular, those participating in conflicts related to the allocation of land for resort construction or various types of industry, etc., are demanding, not an abstract recognition of the fact that the land belongs to a certain ethnic group, but a precise settlement of ownership rights<sup>1</sup>. This is not surprising given that one of the key sources of conflict over land in North Caucasian republics is the absence of private ownership of agricultural lands (a moratorium on land turnover is effective in each of the republics, except for Karachay-Cherkessia). The lands of the former sovkhozes and kolkhozes (state and collective farms) which were not privatised, were mainly at the disposal of the regional or district administrations. Under their control a lease and sublease market has developed, to which local residents often have no access. The transition of land protests from the theme of “ethnic boundaries” to the problem of people’s rights to land is, in our opinion, an important change recorded in recent last years.

At the same time, the course of the conflict in Belaya Rechka demonstrated that the regional government is not yet ready to reconsider the existing system of allocation of land assets. The villagers’ protests, which started in the spring failed to achieve a productive dialogue with the Nalchik City Mayor’s Office, after which the situation actually turned into open confrontation, where the actions of the protesters have turned much more towards being a power struggle. In November, the villagers held a meeting where they divided the land that the government planned to lease out for orchards into construction plots. The plots were allocated in accordance with informal rules developed in the course of the meeting (for example, under these rules priority was given to those families with larger numbers of children). The Republican Prosecutor’s Office and Nalchik City Mayor’s Office declared this plot allocation to be illegal, however, they abandoned the attempt to transfer the land to the businessman for lease, and the situation “froze” at a stage close to a direct conflict between traditional law and the system of land relations established by regional normative acts.

To understand the position of the regional government in this conflict one must take into account that, without its involvement, the problems of villagers’ access to the land cannot be solved, at least insofar as it relates to the regulation of the turnover of agricultural land by the regions. As to Kabardino-Balkaria, it can be said that the policy of the republican administration in this field is still unclear. In particular, in the period from 2010 to 2013, the former head of the Kabardino-Balkar Republic, Arsen Kanokov, repeatedly stated the necessity for conducting a land reform in the region, with the privatisation of agricultural lands favouring the interests of rural people; however, he took no actual steps in this direction. Yuri Kokov, who became the

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<sup>1</sup> The fact that unresolved land relations impede resort construction was recognised in January 2014 by the Director General of the Open Joint-Stock Company “Resorts of the North Caucasus” Sergey Vereschagin (Sergey Vereschagin: Land Issues Impede the Development of a resort Cluster in Dagestan. IA REGNUM, January 22, 2014.<http://regnum.ru/news/kavkaz/1757231.html>).

temporary Head of the Kabardino-Balkar Republic in December 2013, has not yet outlined his plans with regard to land policy.

*The conflict generating potential of the problem of overlapping land rights* was also manifested to the full last year in land conflicts in the NCFD. Analysis of such conflicts in the North Caucasus shows that overlapping land rights can have several origins. Firstly, they arise as a result of corrupt practices where lands which have a legal status forbidding their use for construction, are nevertheless used for such. As a result, private households are found, for example, on forest lands and often their owners have documents confirming their ownership rights to the land plot for construction purposes, with a simultaneous existence of documents stating that the status of the same land does not allow construction thereon. Secondly, special situations of overlapping rights can occur as the consequence of the many organised resettlements conducted during the Soviet period. This source of overlapping land rights plays an especially important part in the Dagestan plain where, in the 1940-50s, within the framework of many of the activities of the Soviet State, tens of thousands of peasant farmers were forcibly displaced (sometimes even twice)<sup>1</sup>. Nowadays the situation often arises where representatives of the rural communities, deprived of a certain territory during such resettlements, claim their rights to this territory. These rights may be confirmed by particular documents but are in conflict with the rights of others.

The above two sources of overlapping land rights remain a serious destabilising factor for the economy and for public relations in the North Caucasus. At the same time, as the events of 2013 have shown, effective mechanisms for the resolution of conflicts relating to overlapping land rights have still not been developed in the North Caucasian regions. Moreover, there is every indication that these conflicts are escalating. We shall illustrate this with the example of one of the biggest land conflicts of last year – the conflict around the so-called “Karaman lands” (named after the Karaman area) adjoining the northern part of the capital of Dagestan, Makhachkala.

The special feature of this conflict, which was widely covered in the regional media in 2012-2013, and which still provokes an active response from the general public in the region, is that it originates from both of the above sources of overlapping land rights. The subject of the conflict is a piece of land with a total area of 195 Ha located between the federal highway and the Caspian coast. In the 1930s these lands were transferred by state orders to several kolkhozes which functioned in three Makhachkalan suburban settlements inhabited by Kumyks – the villages of Tarki, Kyakhulai and Alburikent. In 1944, after the Chechens had been deported to Kazakhstan and Central Asia, the residents of these three villages were relocated to the suburbs of the city of Khasavyurt in Dagestan, situated close to the border with the Chechen-Ingush ASSR, in villages that had previously been inhabited by Chechens. After they returned from there in the second half of the 1950s, the residents of the three villages did not regain the lands to the north of Makhachkala which had been used by them as pastures prior to the resettlement. These lands were mainly distributed amongst farms in the mountain regions that, in the 1950-1980s received considerable areas of the plains for the seasonal grazing of cattle. In the 1990s, by order of the republican government, a part of this land was allocated for settlements belonging to the Laks who were migrating because of the abrogation of the Novolaksky District of Dagestan located next to the Chechnya border. In 2012 the residents of the three Kumyk

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<sup>1</sup> For more detail see K. Kazenin. *The Elements of Caucasus: land, power and ideology in the North Caucasian republics*. M: REGNUM, 2012.

villages claimed their rights to the 195 Ha and set up a tent camp there. They justified their rights by claiming that the state orders by which these lands had been transferred to the Kumyks kolkhozes had not been legally annulled. This became the first “historical” source of the overlapping rights to this land. However, the fate of the disputed land created an additional situation of overlapping rights in the 2000s. Since 2008 the land has been under the jurisdiction of the Federal Agency for State Property Management of the Russian Federation and has the status of forest land, however, as evidenced by the participants in the conflict, a considerable part of the land had been distributed as plots for construction which was also confirmed by specific documentation<sup>1</sup>. Houses have already been built on plots adjoining the disputed land, even though these plots are also classified as forest land.

In 2013 the conflict around the “Karaman” lands indicates the significant source of tension resulting from the overlap of both “historical” land rights and rights which have arisen in recent years. In August the situation around the disputed land was inflamed as a result of the conflict between the residents of the three Kumyk villages and the Laks who were migrating to the neighboring territory from the Novolaksky District. A unit of the Special Police Force had to intervene to stop the violent confrontation which arose<sup>2</sup>. Later tension has mainly been associated with the “new” overlapping rights. The Commission for Conflict Settlement at the Head of Dagestan made a proposal to carry out an inventory check of households located on the forest land and to set up a park zone on the undeveloped land, i.e. precisely on the land claimed by residents of the Kumyk villages. This proposal received a highly critical response from representatives of the Kumyk villages: at a meeting of the residents of the three villages, held on 4 December, a demand was made to transfer the disputed land to the villages. These events evidenced that no progress in the resolution of this conflict had been made. We should also note that attempts, in the autumn, by the Dagestan government to create a dialogue between the Commission for Conflict Settlement and the participants of the “Kumyk protest” met with strong resistance: for example, on 11 November the public leaders of the villages were detained and taken to the police station<sup>3</sup>. A forceful element is also seen in the actions of the protesters as well: they keep watch on the disputed land, restricting the access of strangers to it, and, completely disregarding the status of the land, they have carried out a division of the land amongst the villagers who want it for building.

So, from these examples of two land conflicts, both characterised by particularly active public response in their regions, but quite different in the subject of the dispute, one can see that, at the moment, there are no “working” mechanisms for the settlement and congruence of interests over the control of land in the North Caucasus. Furthermore, the absence of any prospect of settlement has created a situation where rural peoples carry out their own distribution of lands, the claims to which they fail to vindicate, ignoring the unlawfulness of such procedures. This creates a risk of the occurrence of a conflict between jurisdictions in land issues. It can be stated that such actions of rural populations, which in fact constitute the introduction of a new system of settling land relations as an alternative to Russian legislation, but without preliminary legal permission, have become a notable tendency just in the last year.

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<sup>1</sup> No agreement, no compromise // Caucasian Policy. December 4, 2013. <http://kavpolit.com/ni-soglasiya-ni-primireniya/>

<sup>2</sup> Dagestan Public Activist: Incident in Karaman Should Be Discussed at a Meeting //IA REGNUM. 22 August, 2013. <http://regnum.ru/news/1697871.html/>

<sup>3</sup> They are Trying to Chase Away the Camp in Karaman // Caucasian Policy. 11 November, 2013. <http://kavpolit.com/lager-v-karamane-pytayutsya-razognat/>

This confirms the seriousness of the problems in the field of land regulation in the North Caucasus.

Moreover, unresolved land conflicts continue to create considerable political tension because they remain a consolidating factor for ethnic movements: in the protest actions relating to land issues - it is not only the residents of villages directly affected by these issues who participate, but activists from ethnic movements also join in. In fact they become involved even where the essence of the conflict is not associated with a conflict of ethnic interests.

It is our opinion that, in order to decrease the tension over land issues, first of all, it is necessary to take into account the current drivers of this tension, in particular, the lack of access by rural peoples to land disposal, together with the overlapping of land rights. The solution of both problems is possible only within the framework of a full-scale land reform which should include at least the following components:

- the development and implementation of a mechanism for the resolution of disputes relating to overlapping land rights that should guarantee a reconciliation of the interests of stakeholders and the establishment of compromise solutions;
- a cancellation of the moratorium on the privatisation of agricultural lands followed by the transfer of land plots to the ownership of local residents.