A year ago, the prospects for stability in the North Caucasus appeared dim at best. Violent clashes, bombings, and terrorist attacks in Chechnya remained common and continued to produce bloodshed, misery, and destruction. Even more troubling was the accelerated spread of extremist violence and sociopolitical instability from Chechnya into neighboring Dagestan and Ingushetia, where bombings, assassinations, and other terrorist attacks became a daily occurrence. Coordinated attacks by young rebels on police stations and other official sites in Nalchik, the capital of Kabardino-Balkaria, in October 2005 – attacks that left more than 140 people dead – caused many observers to fear that a growing wave of instability in the North Caucasus would spin out of control. Some even worried that violence in the North Caucasus would ignite upheavals elsewhere in the Russian Federation.

Bleak as the situation may have seemed in late 2005, the outlook for the North Caucasus since early 2006 has improved considerably. To be sure, the North Caucasus remains a highly volatile area where violence and extremism are still exceedingly common. Nonetheless, most trends in the North Caucasus – political, economic, and social – are distinctly more favorable now than a year ago. The continued potential for instability has been at least partly offset by a number of stabilizing factors that could take firmer root over time. Some of these changes have occurred mainly through luck or through unforeseen events, but others have been the direct result of steps taken by federal government officials, particularly by Vladimir Putin’s chief representative in the North Caucasus, Dmitri Kozak.
The Kozak Factor

Putin placed Kozak in charge of the Southern Federal District (overseeing the North Caucasus) in September 2004, shortly after the grisly terrorist siege of a school in Beslan, North Ossetia, had left at least 340 people dead. Kozak had long been regarded as an exceptionally competent public official, and his appointment was construed as a sign of Putin’s desire to take bold steps in the region. Kozak quickly gauged the magnitude of the problems there and tried to convince Putin and other senior figures that urgent remedial steps were needed. For more than a year, however, Putin paid little heed to Kozak’s advice, choosing to stick with policies that had yielded disastrous results.

Putin’s reluctance to adopt new policies in the region prompted Kozak to stress how dire the situation had become. In mid-2005, he sent a classified report to Putin and the Russian parliament warning that the North Caucasus and adjoining parts of southern Russia (Stavropol krai) had become a “macro-region of sociopolitical and economic instability” that could “unravel” through “permanent destabilization.” The report called for drastic action to alleviate the political, social, and economic grievances in the region. Kozak’s warnings, however, were still not enough to convince Putin, who continued to focus mainly on the use of violent repression against alleged extremists. Although Putin did accept Kozak’s proposal in September 2005 to replace the ailing and notoriously corrupt president of Kabardino-Balkaria, Valeri Kokov, with the widely respected Arsen Kanokov, this was the only significant political step that Putin was willing to adopt in the North Caucasus in 2005.

This changed in early 2006, in the wake of the Nalchik attacks and a failed crackdown by federal security forces in Dagestan. In February 2006, Kozak oversaw the removal of the unpopular and corrupt president of Dagestan, Magometali Magomedov, and the appointment of the much more capable Mukhu Aliyev as the new president. A few weeks later, Kozak was instrumental in the ouster of Khachim Shogenov, the internal affairs minister in Kabardino-Balkaria, whose propensity for brutal clampdowns on moderate Islamic groups had helped spark the October 2005 attacks. In June 2006, one of Kozak’s trusted aides, Andrei Yarin, became prime minister in Kabardino-Balkaria, and a month later Kozak oversaw the removal of the prosecutor general in Dagestan, Imam Yaraliyev, whose corruption and abuses had long fueled public anger. In late August 2006, the North Ossetian president, Taimuraz Mamsurov, with whom Kozak had worked closely to contain potential ethnic (Ossetian-Ingush) animosity, replaced most of his cabinet.

These high-level personnel changes were a prerequisite for positive change in the region. At Kozak’s behest, federal authorities sharply increased their funding for social and economic programs in the North Caucasus in the first ten months of 2006. In September 2006, Putin issued a decree establishing a new Commission for Improving the Socioeconomic Situation in the Southern Federal District, with Kozak as its chair. This measure not only has strengthened Kozak’s ability to implement social and economic reforms in the region, but has also provided a concrete assurance that greater resources will be available. The advent of new officials has reduced the level of corruption and allowed the money to be put to much better use.

Personnel changes and expanded programs have been reinforced by the steady
diminution of the conflict in Chechnya. Despite the brutality and unpredictability of Chechen prime minister Ramzan Kadyrov, his consolidation of power has been a major stabilizing factor, at least in the short term. Kadyrov has undertaken reconstruction projects in several urban areas, especially Gudermes, with impressive results. Funding for reconstruction in 2006 has been 500 percent higher than in 2004, when Kadyrov’s father was assassinated. Kadyrov convinced hundreds of former guerrillas to switch sides and join his own heavily armed security forces, the so-called Kadyrovtsy. Kadyrov’s personal assurances (and payoffs) to former rebels have made a vital difference.

The progress achieved by Kadyrov has been greatly augmented by the death on July 10, 2006 of Shamil Basayev, the notorious Chechen terrorist leader, who was killed in Ingushetia by an accidental detonation of explosives that were being gathered for a large-scale attack. This stroke of good fortune for the Russian and Chechen authorities is arguably the most crucial turning point in the Russian-Chechen conflict since the fighting began. The federal authorities’ success in killing Aslan Maskhadov, the then-president of the Chechen guerrilla government, in March 2005 dealt an initial blow to the insurgency, and their success in killing Maskhadov’s successor, Abdul-Halim Sadullayev, in June 2006 reinforced that trend. But the death of Basayev is of even greater importance. As long as Basayev was around, it was impossible to contemplate any sort of lasting truce in Chechnya. Violent clashes and terrorist attacks in Chechnya have been at markedly lower levels in 2006. Although the federal authorities have not won “hearts and minds” in Chechnya, they have managed to crush most of the insurgency through unrelenting force and through the devolution of authority to Kadyrov’s tyrannical indigenous government. With Basayev gone from the scene, most Chechens no longer have an obvious ideological rallying point. Basayev was a charismatic leader for young Chechen radicals, spurring them to fight for independence. In the wake of his death, independence is now almost universally perceived in Chechnya as an unrealistic goal, at least in the short-to-medium term.

Greater stability in Chechnya is likely to be a positive influence elsewhere in the North Caucasus by stemming the spread of instability and extremism. Basayev sought to link extremist groups across the region, and his death eliminates the main focal point for such groups. The experience of Chechnya has been a sobering influence for large segments of the population in the North Caucasus. Preliminary surveys by the Levada Center in Dagestan and Kabardino-Balkaria reveal little public support for violent Islamic extremists and other radical forces. The widespread popular desire to avoid destabilizing violence is attributable to many factors, including the “demonstration effect” of the appalling bloodshed in Chechnya, revulsion at the Beslan school massacre, and a sense that Western countries will do nothing if large-scale violent conflict breaks out and provokes fierce repression by the Russian authorities.

This hardly means that the North Caucasus is now a bastion of stability. Massive economic and social problems will not be rectified anytime soon. Government corruption and rampant abuses by the local police and security forces persist. The experience in Chechnya and Dagestan in August 1999 showed that small groups of extremists can cause enormous havoc even when a large majority of the population wants to avoid violent turmoil. Nonetheless, for the first time in many years, the
A combination of luck, Kozak’s dogged efforts, and a belated change of course by the federal government has contributed to this trend.

**Potential Dangers**

Despite the factors that have produced greater stability in the North Caucasus in 2006, some crucial potential dangers are worth noting. Foremost among these is the future direction of Ramzan Kadyrov’s government in Chechnya. Many Russian officials, including Kozak, worry that over time, Kadyrov may press for independence or some other undesirable arrangement. Several officials, including Igor Sechin, Putin’s deputy chief of staff, have privately recommended replacing Kadyrov. But such a step could pose dangers of its own. The Chechen guerrillas who accepted Kadyrov’s proposal to change sides in 2006 might decide in his absence to turn back to violent anti-government actions. Moreover, the *Kadyrovtsy*, if suddenly deprived of their long-time leader, could easily wreak havoc in Chechnya and clash with other security forces. At the very least, Kadyrov’s departure would create uncertainty in Chechnya and an opportunity for radical elements to regroup. On the other hand, if Kadyrov remains in power indefinitely, the cruelty and intolerance of his government might eventually precipitate a backlash. Even if large-scale fighting does not recur, Chechnya will continue to be a highly volatile and dangerous component of the Russian Federation for many years to come.

Even graver risks in the short term may arise in Ingushetia, where the spillover from neighboring Chechnya has taken its heaviest toll. Chechen separatist guerrillas have long used Ingushetia as a base, and the number of Chechen fighters on Ingush territory is now larger than in Chechnya itself. They have sought to forge links with Ingush extremist groups, many of whom were inspired and helped by Basayev, and have carried out a long string of bombings, ambushes, and other terrorist attacks. The situation in Ingushetia has been exacerbated by the rule of President Murat Zyazikov, a former KGB general. Zyazikov’s abuses and incompetence have stoked widespread public anger and disaffection, as well as several assassination attempts. Kozak has tried several times to replace Zyazikov but has been unable to secure Putin’s approval. Until Zyazikov is supplanted by an official who is more willing to fight corruption and rein in the local police, the potential for mass violent upheaval in Ingushetia will remain acute.

Armed rebellion in Ingushetia would almost certainly have a destabilizing impact in North Ossetia. Battles between Ingush and Ossetians over the Prigorodnyi district in 1992 killed hundreds of people. After the Beslan massacre (which included Ingush terrorists among the perpetrators), many observers feared that interethnic strife would resume. Painstaking efforts on both sides were successful in forestalling renewed violence in late 2004 and 2005, but if bloody turmoil engulfs Ingushetia, some Ossetian nationalists may use the opportunity to clamp down on the Prigorodnyi district, possibly triggering a wider war.

The situation in Dagestan and Kabardino-Balkaria is far less bleak than in Ingushetia, despite continued unrest and terrorist incidents. Local and regional leaders in both
republics have initiated well-funded programs to discourage extremism and to integrate former radicals back into mainstream society. Although the federal government has persisted with its crackdown on unofficial moderate Islamic groups, many of the local authorities in Dagestan and Kabardino-Balkaria have sought to gain support from moderate clerics. Some degree of ethnic tension exists between Balkars and Kabardins, and similar tensions have arisen between Cherkes and Karachai in Karachaevo-Cherkessia, but these disputes are unlikely to produce more than isolated unrest.

On balance, conditions in the North Caucasus are a good deal calmer than a year ago. Whether this trend will continue is much less certain, especially if the broader economic situation in Russia deteriorates. Nonetheless, for the first time since at least 1991, the myriad sources of instability in the North Caucasus are not leading inexorably to violence and mass bloodshed. If Kozak can achieve the same amount of progress in 2007 that he did in 2006, the outlook for the region will improve all the more.