

The Terrorism-Corruption Nexus in the North Caucasus

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Two terrorist attacks have shaken Russia in the past year: the bombing of the Nevsky Express train en route to St. Petersburg in November 2009 and the double suicide explosion in the Moscow metro in March 2010. Both are directly related to the latest wave of terrorism in the North Caucasus, which has been on the rise since mid-2009 and is a transfiguration rather than a recurrence of the insurgency-terrorist campaign of 2002-2004. That series of attacks – from the hostage taking in Moscow’s *Nord-Ost* theatre to the school massacre in Beslan, North Ossetia – was a spillover from the second Chechen war, but now this subjugated republic is firmly controlled by a homegrown tyrant.

The Russian ruling “duumvirate” of President Dmitry Medvedev and Prime Minister Vladimir Putin acknowledge the escalation of conflict but prefer not to go into its driving forces, demonstrating instead their unity in staying the course toward restoring the stability of 2006-2007 by exterminating the “bandits.” That relative pacification was achieved by a combination of brutal military suppression of insurgents and massive disbursement of money amongst local elites. The problem now is not that the recession has rendered this strategy unsustainable but that it creates more problems than it solves. Terrorism that used to be a continuation of insurgency is now fueled and fostered by corruption that has acquired grotesque forms, even by Russian standards.

The Business Strategy Gone Astray

The aggravation of the chronic security deficit in the region had become an undeniable reality by the end of 2009, and President Medvedev sought to address this issue in the context of his new grand strategy of “modernization.” A new administrative unit, the North Caucasus Federal District, was established in January 2010 and a new type of conflict manager, the dynamic and ambitious Alexander Khloponin, was put in charge. A very successful governor of the Krasnoyarsk region, Khloponin believed that the key to stabilizing his new domain could be found in accelerating its economic development. His two commonsense methods of advancing this aim were tighter control over the allocation of resources provided by the federal center and a new (more fully committed)

effort at attracting investment; within half a year, however, both efforts failed demonstratively.

Despite Khloponin's rank of deputy prime minister, he is not able to overrule the heads of the republics who see the distribution of funds amongst their clientele as their main instrument of power. This system of "privatizing" the federal budget generates far greater profits for officials and their businesses than any investment, while the growth of small enterprises is suppressed by racketeering. Reporting to Medvedev on the situation in Dagestan in August 2010, Khloponin had to admit a net outflow of investment, on top of a total waste of spending on local projects that had been earmarked for federal funding. Magomedislam Magomedov, the recently appointed head of the republic, had no problem with these revelations and agreed wholeheartedly with Medvedev's point on eliminating clan corruption, himself being a scion of the largest clan.

It is difficult to suggest what sort of investors would put money in, for instance, tourism in Kabardino-Balkaria, knowing that their property rights are regulated by clan wars and knowing also that basic infrastructure makes an easy target for terrorists, as demonstrated by the recent attack on the Baksan hydropower station in July 2010. In fact, the key problem of the region may not be economic, since the real level of income is significantly higher than that reflected in official statistics (as any comparison of a village in Dagestan and in central Russia would confirm). It is the paternalistic political system based on administrative corruption that generates social discontent and fosters extremism. However, neither Khloponin nor Medvedev have any idea how to transform it.

Suppression Runs Out of Steam

There is no shortage of promises to exterminate terrorists and punish their associates, but such brutal discourse has lost most of its convincing power since the autumn of 1999, when Putin was elevated to the status of national leader by the strength of his commitment to the military solution in Chechnya. The application of armed force had been reasonably efficient until the mid-2000s. By now, however, it has become progressively haphazard, uncoordinated, and often counterproductive.

One key element in the erosion of the repression apparatus is the reform of the armed forces, which is aimed at increasing the flexibility and combat readiness of ground troops but instead has brought about a significant decline in their combat worthiness. The proposal for building a corps of professional sergeants has been postponed, the number of soldiers serving on contract has been slashed, and the newly-formed brigades have been brought-up to full numerical strength only by expanding the cohort of poorly-trained conscripts who are drafted for 12 months of service. Modernization of key weapons systems and communication equipment has been promised and planned but is yet to be seen. As a result, combat units based in the North Caucasus are rarely involved in counter-terrorist operations, while their bases are often targeted. Thus, in Buinaksk, Dagestan, in July 2010, three lieutenant-colonels were gunned down near the gate of the brigade base while another soldier on guard was knifed to death.

The Ministry of Internal Affairs (MVD) carries the main burden of guarding, patrolling, and hunting down terrorists in the region. It also takes the most casualties in this war; most attacks involve improvised explosive devices or shootings at police cars and checkpoints. It is increasingly difficult for the MVD to sustain its pattern of rotating police units from various Russian regions to Dagestan, Chechnya, and Ingushetia due to mounting casualties and expanding tasks elsewhere. As for the local police, they are increasingly becoming instruments of corrupt clans and active participants in their infighting. Thus, the murder of Adilgeri Madomedtagirov, the former interior minister of Dagestan, was initially presented as a revenge killing carried out by terrorists. However, a further investigation revealed it to be a contract killing taken on by a lieutenant from the 33rd Mountain Brigade. This diminished capacity for enforcing order in the North Caucasus is part of a bigger trend related to corruption within the Russian law enforcement system, different parts of which are pursuing their own entrepreneurial agendas. The new law "On Police" introduced by Medvedev is hardly going to change this "business" of law-enforcement. Even the FSB (with its authority strengthened by another new law) cares more about converting its resources into economic assets than about eradicating terrorist networks. An interesting consequence of this transfiguration of the power structure is the disappearance from the Russian political arena of the cabal of *siloviki*, who are now all but indistinguishable from other special interest groups.

Chechnya Looms Large

Paradoxically, it is not the Chechen rebels that are now the gravest security concern for Moscow but the maverick, despotic regime that was installed there as a means to enforce peace, however it saw fit. Ramzan Kadyrov has emerged as a far more capable leader than his bandit background ever suggested and he now rules freely over Chechnya, paying scant attention to Russia's laws while securing massive funding from the federal budget. His personal control over numerous militarized units ensures against hypothetical intentions in Moscow to replace him, and he continues to subjugate the Chechen community in Moscow and intimidate the Chechen diaspora in Europe. Putin has to accept his *pro forma* expressions of loyalty while being perfectly aware of the fact that Chechnya under Kadyrov has effectively achieved greater independence than it sought back in 1992-2002, and at Russia's great expense.

In seeking to reduce the military and FSB activities in his domain, Kadyrov demanded the lifting of the so-called "regime of counter-terrorist operations" in the spring of 2009, after which the frequency of attacks in Chechnya and neighboring areas sharply escalated. The leadership of the Chechen resistance, meanwhile, is becoming increasingly divided and isolated; it is inconceivable that the escalation of attacks across the region is coordinated from some sort of "Emirate headquarters." What is particularly striking is the steady stream of suicide bombings: 22 attacks from May 2009 to August 2010 that have claimed 92 lives. Most of these attacks are carefully prepared, which leads to questions about who is planning the operations and where they are training.

Funding for terrorist networks is a mystery, but even the FSB no longer claims that it comes from abroad; what is of prime importance here is the plain fact that Chechnya receives the largest per capita share of federal funds. This “generosity” has helped rebuild much of the infrastructure that was destroyed in the wars (except for the oil industry). Kadyrov is able to cut short any talk about cutting costs, and Moscow is about to discover that the old saying, “an Afghan cannot be bought but only rented for a short time,” holds true for the Chechens as well.

Conclusion

It may appear logical to link the recent escalation of instability in the North Caucasus to the sharp break in Russia’s economic fortunes, which has caused a contraction of budget revenues and disorganization within the whole system of power. The stabilization of the macroeconomic situation would thus help to restore relative normalcy just in time for the election cycle of 2011-2012. There are few signs of this happening, however. While the issue of separatism has been reduced to irrelevance, terrorist networks are now intertwined not only with religious extremists but also with the shadow structures of criminalized clans. Medvedev’s strategy of boosting economic development in real terms delivers more money into local “black holes.” Greater corruption only feeds high-intensity terrorism.

An additional driver is taking shape as Sochi prepares for the 2014 Winter Olympic Games. The North Caucasian leaders are perfectly aware of the colossal costs of construction and have raised their demands accordingly, blackmailing Moscow with security risks, while for terrorists, any threat at a high-profile event guarantees great resonance. As for Kadyrov, his despotic rule is deeply alien to Chechen society, which is gradually recovering from the traumas of war. It will be difficult to establish who, from among his many enemies, was responsible for the explosion or bullet that suddenly puts an end to his reign.

Russian authorities cannot be blamed for underestimating the threat or overreacting after any particular attack. Their “investment-and-shoot-to-kill” response follows the only available strategy, which is consistent with the general course of “modernization” but also signifies its fiasco. Modernization is indeed incompatible with Putin’s soft-authoritarian political system in which corruption is not a side effect but the *modus operandi*. Unfortunately, the crisis in the North Caucasus is likely to only get worse before it gets catastrophic, producing a set of failed provinces and quasi-states.

Major Terrorist Attacks in Russia, July 2009–August 2010

Date	Place and Region	Target	Type of Attack	Fatalities (Not Incl. Rebels)	Rebel Force
15.05.2009	Grozny, Chechnya	Police Station	Suicide: body bomb	3	1
05.06.2009	Mahachkala, Dagestan	Person	Sniper	2	1
04.07.2009	Arshty, Ingushetia	Police Column	Ambush	9	10-15
26.07.2009	Grozny, Chechnya	Theater	Suicide: Body Bomb	6	1
13.08.2009	Buynaksk, Dagestan	Police Station	Attack	11	10-15
17.08.2009	Nazran, Ingushetia	Police HQ	Suicide: Car Bomb	24	2
21.08.2009	Grozny, Chechnya	Police Patrols	Suicide: Body Bombs	4	2
27.11.2009	Bologoe, Tver Oblast	<i>Nevsky Express</i> Train	IED, Railway Tracks	28	3-5
06.01.2010	Mahachkala, Dagestan	Police Station	Suicide: Car Bomb	5	1
29.03.2010	Moscow	Subway Stations	Suicide: Body Bomb	40	2
31.03.2010	Kizlyar, Dagestan	Police Patrol	Suicide: Car, Body Bombs	10	2
05.04.2010	Karabulak, Ingushetia	Police Station	Suicide: Body Bomb and IED	2	1
01.05.2010	Nalchik, Kabardino-Balkaria	Hippodrome	IED	2	Unknown
26.05.2010	Stavropol, Stavropol Krai	Concert	IED	7	Unknown
21.07.2010	Baksan, Kabardino-Balkaria	Hydro-Power Station	Attack	2	5-7
24.07.2010	Buynaksk, Dagestan	Checkpoint	Drive-by Shooting	4	3-5
17.08.2010	Pyatigorsk, Stavropol Krai	Café	Car bomb	1	Unknown

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