# The opportunities for the new round of the modernization of the North Caucasus in the plans of the Government of the Russian Federation

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**Abstract.** The article presents the appreciation of the intentions of the Russian government connected with yet another attempt at the modernization of the North Caucasus. There arise some doubts whether it is expedient to regard the tourist cluster as the locomotive of the socio-economic transformation of the region. The article also appreciates the risks to be faced with in the course of the successful realization of the constructed plan. In the authors' view, one of the main obstacles on the way of the successful realization of the modernizational breakthrough is the ethno-clan system deeply rooted in the local republics.

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#### Introduction

As a result of the structural crisis of the 90-s XX century the North Caucasus lost to a considerable extent the modernizational capital accumulated during the Soviet period and found itself in the state of political and socio-cultural instability. The negative effect was especially conspicuous in the Republics where they had forced out the so-called "Russian speaking" population and where the revival of the mountainous traditionalism had taken place.

The events of the recent years allow us to suggest that the North Caucasus is possibly on the threshold of another modernizational breakthrough initiated by the federal authorities but at the same time it relies on the internal need of the region, whose elite for the greater part realizes the need for change. In the late 2012 the Government of Russia adopted the draft state program of the development of the North Caucasus up to 2025. Will they succeed in evoking interest of the potential consumers in the region with the incessant terrorist acts? Are the labour resources recruited from the local population capable of ensuring a high level of service [1]? And in general, to what extent will the North Caucasus interest the investors [2]? The investment risks in the South, with the exception of Krasnodar territory and Rostov region, are higher than those in the rest of Russia [3].

## The modernization of the North Caucasus

It has to be noted, that the federal authorities are aware of the prejudice against the local investment environment. The plenipotentiary of the president in the North Caucasus Federal District A.G. Khloponin said that foreigners are more favourably disposed to the North Caucasus than the Russian investors and for them "Ingushetia and, say, Smolensk region is one and

the same country". He suggested "finding unblinkered investors" [4].

It would seem, that the recollections of the tourist boom experienced by the Caucasian health resorts in the Soviet period are still fresh in the people's memory. But at that time they took advantage of all the benefits of the monopolists. Now the situation has changed. What gives rise to doubts is the very idea of changing the Caucasus in such a way. It appears that the main task of the forthcoming modernization of the region is the sociocultural priorities. The cardinal change of the mental stereotypes can be ensured only by urban culture and the cluster under construction is unlikely to be oriented at the development of the urban life in the region.

The bearers of the urban culture in the region are chiefly the Slavonic population, which was just the most professionally reliable part of the local society, as this category of people preferred professionalism to the family-clan membership. And this situation remains unchanged despite the considerable efforts on the part of the state to inculcate various spheres of activity with the people from the North Caucasus environment.

The fact that deserves special attention is that the most successful industrial projects now under realization in the republics of the North Caucasus are, as a rule, located on the territory with the Slavonic ethnic mass still living there – be it the auto company "Derveis", or "Yug-Oil-Plast" in Cherkessk, "Kavkazkabel" in Prokhladny, "Gidrometallurg" in Nalchik, etc. In the ethnically homogenous Chechnya and Ingushetia the projects of this kind proved to be impossible even with the intensive federal financing.

The situation around "Chechenavto" (Argun) that cost the state 8 billion roubles can serve as a graphic example. According to the deputy director of the works T.B. Khubaev, this money was spent to "train skilled workers and chief executives, to build the assembly shop, to install the conveyor belt, to perfect the logistics", however when the question arose whether the autocluster to be built is capable of "ensuring independent development, creating jobs, paying taxes and being a prestigious place that guarantees its employees life employment", he replied: "Not yet." And he emphasized the human factor as the key problem [5].

The attempts to bring back the Russian population to its former place of residence in those republics failed. According to the head of Ingushetia Yu.-B. Evkurov, "there is not a single Russian family that would take advantage of the program of bringing back and settling down the Russian-speaking population that formerly lived in the republic of Ingushetia. It is absolutely ineffective" [6].

Thus, for these republics the main occupation of the population will be mainly agriculture. But with Russia's joining the WTO, the domestic agrarian workers fear that even their modern agricultural complexes will not be able to effectively compete with cheap foreign produce without the state support. The private sector is doomed in the first place.

It is believed that in the midterm historical perspective to maintain the relative economic prosperity in those subjects of the Russian Federation will be only possible due to the preservation of the formidable financial subsidies from Moscow.

The perspectives of Dagestan are seen as likewise unsteady. It is noted, that the "pro-Russian orientation of the republic in combination with its practically accomplished de-russification in practice means that the republican community has no wish to part with its Russian status that offers various benefits; but incidentally it has no wish to forgo some part of its ethnocultural specific character which might make the life of the local Russians more comfortable and "equal" [7].

However massive the financial injections to the local economy might be, the payoff may prove to be fictional. The republic has already demonstrated how easily it can lose the investment resources as it was the case with the attempt to realize the project "The German village "Port-Petrovsk" near Makhachkala. Meanwhile, the "inglorious end of the pompously advertised project provokes the feeling of disappointment with the citizens of the region, their lack of faith in the ability of the authorities of various levels to change the life for the better" [8].

The production factories now opening in the North Caucasus offer new jobs. But the loud

complaints from the industrial leaders to the effect, that the North Caucasus labour market is unable to provide them with skilled specialists, are heard more and more often. And the work that does not require special professional skills and habits is not very popular. Prime-minister D.A. Medvedev during his visit to Cherkessk in February 2013 was introduced to the achievements of the local hot-house complex. The Premier noted, that "the complex provides the foodstuffs for a half of Moscow" and has good perspectives for its further growth. He was echoed by the agricultural minister N.V. Fyodorov, claiming "that according to the estimate of experts, the naturalclimatic conditions make it possible to build in the district over 100 thousand hectares of hot-houses... Here one third can be added for the country, and this creates for the district 25 thousand additional new jobs..." [9].

With all the optimism of this estimate, the examples given by the general director of the hot house complex "Agrokombinat "Yuzhny" from her own practice are not so glowing. Her answer to the question: "Is it true that you are experiencing considerable problems with the personnel?" was that "the complex has around 300 unfilled jobs. Among them not only the professions requiring special training, but also ordinary workers. And all this despite the fact that the wages by the local standards are quite decent averaging 16-18 thousand roubles. and in the peak season of harvesting amount to 28-30 thousand roubles. The complex guarantees its workers a full social package, it has its own cultural and fitness center, etc." [10]. Thus, not all the jobs prove to be in great demand among the inhabitants of the region, who may consider the jobs unprofitable and unprestigious.

A clear marker enabling us to appreciate the potential of the independent development of the regions of the North Caucasus is the "gazellecompanies". This is the name given to the companies that demonstrate a high rate of industrial development and endurability. In this connection the materials presented by the magazine "Ekspert" are curious enough. According to them "the idea of the project researching into "gazelles" is to identify those domestic companies that achieve their growth not through the monopolistic position or access to the state financing, but through their very accurate managerial work" [11]. And here strong leading positions are held by Krasnodar and Stavropol territory, Volgograd and Rostov regions. The Chechen and Ingush republics have not entered this list [12].

Against this background the statement of the head of the Chechen republic R.A. Kadyrov that "according to the results of the last year (2012 – authors) – the data of the Ministry of economic

development of the Russian Federation – the economy of Chechnya is recognized as the most effective among the Russian subjects" [13] makes one assume that the phenomenon of such efficiency lies not so much in their own successful management as in the generous financial fuel received from the federal budget.

It is interesting that the object of pride of the republican officials is the construction of the series of high-risers that have become the symbol of the successful development of Chechnya. The head of the republic, among the most large-scale investment projects realized in Chechnya, drew attention to the following: "In the first place, it is the construction of the high-risers "Grozny-City" and "Gudermes-City" with the total cost over 13 billion roubles. The realization of these projects will create over 1500 jobs" [14]. Considering, that the majority of the builders of these ambitious constructions were specialists from Turkey, the effectiveness of the money spent on the creation of jobs for its own citizens doesn't look convincing enough [15]. The plenipotentiary of the president of Russia in the North Caucasus A.G. Khloponin who attended the opening ceremony of "Grozny-City" stated, that "here, in the center of the Caucasus, we open the most modern business-center that will enable us to receive a huge number of foreign and Russian investors" [16]. However, judging by the available data, a huge number of investors in the republic is nowhere to be seen. A.G. Khloponin himself preferred to choose Dagestan, and, therefore, the economic forum of 2012 was held in Makhachkala, and not in the widely advertised Chechen business-center [17].

As to the expediency of the construction of the skyscrapers, there is an alternative and no less competent opinion of a professional expert, professor of the chair of the design of architectural environment of Rostov academy of architecture and arts S. Alekseev, noting, that "all the monstrous high-risers are doomed – when the real crisis comes only the first three storeys will be occupied by tenants, the rest will be used for growing mushrooms" [18].

Another construction of the republic, with 129 billion roubles allocated to the project is the construction of the racecourse. Just to compare: the federal target program "Socio-economic development of the Chechen republic for 2008-2012" envisaged to allocate for the development of the agro-industrial complex 838 million roubles [6]. It is believed that this kind of constructions is intended most likely to demonstrate the greatness of the present republican administration than to really provide the population with jobs. In exchange, Moscow gets the resemblance of loyalty demonstrated by the local elite.

One can hear not entirely ungrounded accusations of the mass media to the effect that they are building an unattractive image of the region. But is it correct to see in all this only the "mercenary interests" or "evil intention" of the mass media aspiring to improve their rating at the expense of the speculation on the negative information? At present quite a lot of citizens of the country have an opportunity to form their own opinion about the population of the North Caucasus proceeding from their experience of dealing with the natives of the region.

The Russian population proved to be unprepared to the equal and partner interaction with the natives from the South who have retained their family-clan solidarity and in the conditions of different ethnic environment they retain strong mobilizational mentality sometimes with the criminal tinge. In the mentality of the ordinary inhabitants the ethnic criminal groups consisting of the natives from the North Caucasus republics are the most dangerous for their life and prosperity. Hopes for the state protection do not justify themselves. The ordinary citizens are ready to support any authorities who will ensure their safety. Hence the latent, to a greater extent, moral support of those extremist movements that are ready to assert the rights of the Slavonic population including the use of violence. The condemnation of the growth of popularity of the youth movements like the Skinheads, the appeals to hold discussions in schools on tolerance and understanding of the specific features of the culture of the natives from the South will fail to deliver a positive result [19]. Being confronted with the aggressive model of behavior of their North Caucasus compatriots, the Russian inhabitants will hardly speculate on the specific features of the roots of their mentality [20].

This factor will also promote the inimical perception of everything connected with the region. Even the intensive advertising campaign on the formation of the positive image of the native of the North Caucasus is unlikely to cardinally influence the situation, especially as more and more Russians prefer to get the information in the social networks.

In the light of the aforesaid the realization of the government plans appears impossible. The emphasized priorities are not optimal and an attempt at their realization will fail to deliver the expected result.

#### Conclusion

The available historical experience proves that without the solution of the "Russian question" the modernization of the Caucasus is impossible. The present federal administration demonstrates its inability to effectively support the retention of the Russian presence in the region. At the same time the

ethno-clan system now existent in the republics of the North Caucasus will not be able to provide the conditions for modernization. The expansion of its (the ethno-clan system) powers only leads to the outward display of loyalty supported by substantial subsidies. Without a complex approach stipulating the cardinal social, political, ethnic and cultural changes in the North Caucasus, the attempts at its economic transformation are seen as initially ineffective in the form this economic transformation is declared.

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