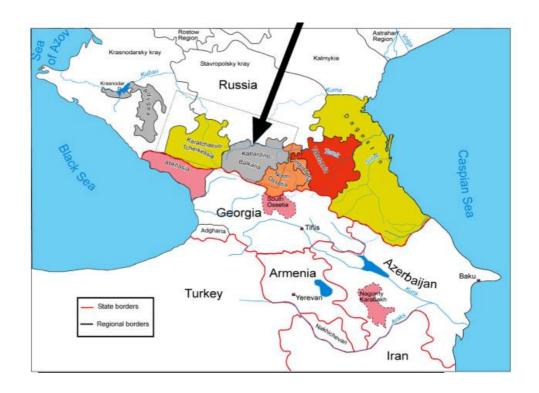
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Long-term Stability through Reforms. The Power of Localism in the Northern Caucasus.

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Nalchik, 2007

Abstract

The paper is devoted to an analysis of governance strategies in the conditions of the reforms of local governance and land use. Two central Caucasian regions - Kabardino-Balkaria and Karachay-Cherkessia were selected for paired comparison of similar institutional, geographic and ethnic features but different means of conflict development: relatively successful decrease of tensions that arose in the early 1990s – in Kabardino-Balkaria, and a dangerous development of the conflict in Karachay-Cherkessia.

In the context of the reform the strategy in Kabardino-Balkaria is based on the freezing of democratic processes like decentralization and pluralism, as well as a presidential veto on land privatization while in Karachay-Cherkessia the privatization of agricultural land is going ahead at full speed, pluralism in media brings activity to the political life of the republic, etc. So, stability in Kabardino-Balkaria, based as it is on conservative and often non-democratic methods of governance, has led to social and economic stagnation, while tensions in Karachay-Cherkessia adjoin with the growth of social and economic activities.

Particular emphasis is placed on tension during land privatization and reform of local governance. On the local level of governance a "change of hats" takes place, while most of the features from the Soviet period remain. The state declares the maintaining of self-management on the local level while in the reality the redistribution of resources and power takes place. During the privatization of land, no conflicts between ethnic groups were revealed, but there were between the state and locals (peasants, villages, etc.). The most effective strategy of keeping balance between reforms and stability is based on the development of institutional diversity and involving local actors (strategy of "localism").

Table of contents

Abstract	2
Table of contents	3
Introduction	4
1. Reform on the Local Level: Structural and Institutional Conditions	6
1.1. Structural conditions: limitative factor of reforms?	6
1.2. Institutional framework and reform on the local level: implementat constitutional rules or one more redistribution of power and influence?	
2. Reforms and Stability: Strategies at a Deadlock?	12
2.1. Conflicts over land between we-groups	13
2.2. Conflict between the state and local community over the rules about distrib	butions
and use of land	15
3. Policy Options	21
3.1. Trends and scenarios	21
3.2. Options based on comparative analysis of policy experiences in case-study region	ons . 22
4. Recommendations	24
Bibliography	27

Introduction

Although the tribulations in the North Caucasus have endured, local conflicts did not become sub-regional and fundamental, and the basis of daily life was and is preserved. The anarchy so often predicted for the North Caucasus did not occur. In every single region there is a tense internal conflict over resources, posts, spheres of influence etc. A painful adaptation to the new conditions is taking place, to a large extent as a result of this competition. However, the inevitable tension in relations between different social layers and groups may even have played a positive role, especially in multi-ethnic regions, where large scale conflicts and violence were most expected (Dagestan and Karachay-Cherkessia being the prime examples). Here conflict has not shifted from the occasional and local to the large scale. In Dagestan, for example, the negotiations that came in the aftermath of sporadic clashes managed to establish a balance under the new conditions and "played a stabilizing role for the political system as a whole". 1

Despite the tensions, there is a high motivation to development. Economic activities are penetrating to social life. Economic goals often link with social problems like unemployment reduction, etc. What is better: doing reforms (with some risks of raising social tensions) or maintaining stability (without reforms)? All seven national North Caucasian republics are faced with this dilemma. Each republic has its own way. A good example is the comparison of Kabardino-Balkaria and Karachay-Cherkessia.

These two neighboring regions are selected for a paired comparison of similar socio-economic, geographic and ethnic features but different governance strategies. In Kabardino-Balkaria social life is strongly regulated by the state. There is the censorship of media, weak democratic institutions and no land privatization. Weak democracy and censorship of the media in Kabardino-Balkaria contributed to the connection between formal and shadow forces monopolizing violence. The unexpected events of 13 October 2005 in Nalchik (the capital of Kabardino-Balkaria) could be seen as a result of defects of the governance strategy accompanied by social and economic problems².

In Karachay-Cherkessia, in contrast, there is a permanent and relatively high level of tension, conflicts between different parties and strategic groups, privatization of land, and open criticism of the regional authorities. The presidential elections in 1999 and 2003 brought about a sharp heightening of tension, splitting society between different strategic groups. A number of these

¹ Kisriev E. Formirovanie demokraticheskoi sistemy upravlenia v postkommunisticheskom Dagestane. Mestnoe samoupravlenie mnogoetnicheskimi soobshchestvami v stranah SNG. Ed. Tishkov V. and Кисриев E. and Filippova E.. Moscow, 2001. Pp. 71-90.

² 200 militants attacked the regional offices of Interior Ministry, a local prison, the regional border guard offices as well as headquarters of the republican branch of the federal Security Service. During 13-14 October more than 100 people left dead.

strategic groups are based on clan associations with access to the resources of business. Precisely for this reason, inhabitants of the republic often describe the region as an "ungovernable democracy".

The research addresses the *following questions*: what benefits have liberal modes of governance brought for Karachay-Cherkessia? Is the centralization of power as a mode of governance in Kabardino-Balkaria stable in the long-term? What is important for long-term stability - land privatization (Karachay-Cherkessia) or keeping land by the state (Kabardino-Balkaria)?

The main *working hypothesis* is that the short-term stability in Kabardino-Balkaria, which is based on formal institutions and centralized forms of governance leads to economic and social stagnation and, as a consequence, to polarization of different strategic groups and to the growth of tension. In contrast, the pluralistic and the more democratic environment of Karachay-Cherkessia with a significant role of hybrid institutions (state-traditional, formal-informal) is risky but more adequate to a multiethnic region on the way to long-term stability.

Field work research. To answer the hypothesis questions, the traditional analysis of facts and figures from statistic and newspapers is insufficient. What is required is an in-depth analysis of the functional social bonds regulating conflicts, one that highlights the enduring mechanisms which reproduce these bonds. That is why in addition to research including collection of the statistics, geographical and sociological mapping, analyse of information from media etc. the very intensive research including interview with different actors (administrators, formal and informal leaders, local people, politicians, etc.), observation directly in the society, sometimes acting together with society, etc. was conducted. Along with primary data collection the analysis of local governance using official data and the example of several villages in both regions were made. Especially important was the study of the land privatization in Karachay-Cherkessia, patrimonial and economic relations of different ethnic groups and the role of state and traditional institutions during the land privatization.

There are two types of data collections and scales of analyses depending on regional and local levels (Table 1):

Stage	Territory	Main objectives	Approaches and
			methods
Regional	Kabardino-Balkaria and Karachai-	Comparison of regional	Comparative,
	Cherkessia	analogues of land use and local	interdisciplinary,
		government institutions	social,
			ethnographical
Local	Mountain (Balkarian and Karachai	Primary identification of land	Social (interview),
	people) and plain (Kabardian and	use and local government	social-geographical
	Chircassian people) parts of	institutions and description of	(statistical, interview,
	Kabardino-Balkaria and Karachai-	their features and functions	mapping)
	Cherkessia		

Table 1. Distribution of methods and key institutions studied at regional and local levels

1. Reform on the Local Level: Structural and Institutional Conditions

Problem description. A reform of self-governance and privatization of land are two objectives, which are tightly connected to each other because they both aim at decentralization of power, change of administration mechanisms existing from the Soviet times, elite formation, resource distribution, etc. The realisation of these objectives is hindered by social tension, which emerged among the population as a result of mistrust towards the state and conducted reforms. To what extent are institutional pluralism and land privatization in Karachay-Cherkessia if they serve to maintain a high level of tension? Is it stable in the future? And, on the other hand, how effective are the centralization of power, the marginalization of democratic procedures and veto on land privatization in Kabardino-Balkaria in keeping conflicts peaceful? For how long can the situation last, and how endurable is it? Is economic stagnation not too great a price for centralization of power? Traditional explanations referring to differences in history and culture between the two republics, comparisons between the mentalities and constructed characteristics of ethnic groups, and the personalities of leaders are insufficient. We need to analyse the institutional framework of the interaction between different actors by accepting certain structural conditions (multi-ethnic structure, the difference between mountains with weak economic conditions and "rich" plains, etc).

1.1. Structural conditions: limitative factor of reforms?

The most important factors in carrying out of local reforms are natural distinctions inside the regions and the ethnic difference.

Name of ethnic	Language	Share of the eth	nnic group in the	Basic form of
group		republic's population (%)		traditional
		1989	2002	agriculture
Kabardinians	Adygian group	49	55	Arable farming
Cherkessians	(Caucasian family)	9,7	11,3	(foothills/plains)
Balkarians	Tyurskaya group	9,6	11	Mountain
Karatchaevians	(Altai family)	31	38,5	stockbreeding

Table 2. Characteristics of the titular ethnic groups in Kabardino-Balkaria and Karatchaevo-Tcherkessia

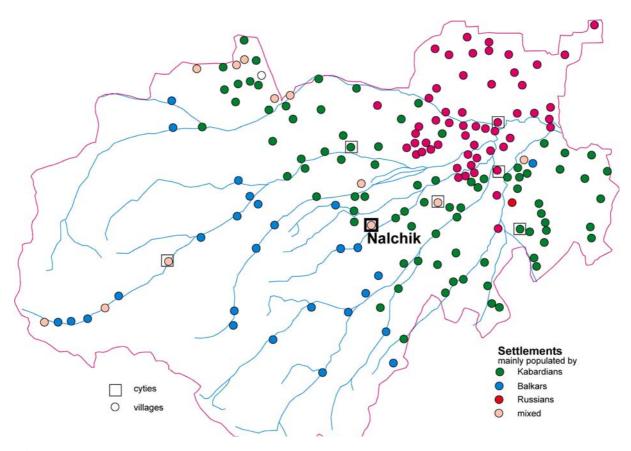


Fig.1. Settlement in Kabardino-Balkaria (made by author during the field work)

Especially in the North Caucasus, land plays many roles in the daily life of ethnic groups: as a territory of residence and as a resource. Primarily, land is a territory of we-groups (ethnic or regional identities), the location of cultural monuments, graveyards, the space where the forefathers of kinship groups are buried etc. Land provides for the reproduction of identity and we-group identity needs territory and borders distinguishing it from "others".

In general, there are three zones of settling in Kabardino-Balkaria: plain Russian (lower 300 m above the sea level), foothill and plain Kabardian (300 to 700 m) and mountain Balkar (above 700 m) (fig. 1). The main mechanism, which regulated for the lack of lands for a long time was long-term traditions of leasing arable and grazing lands. Kabardians were often privileged since they possessed both good arable lands and grazing lands in the middle mountains. Balkars had to change stock-raising products to Kabardian grain and use winter grazing lands in the plain. Cattle migration ceased when the reforms began. Nowadays the migration is insignificant along several valleys. Since the number of cattle is reduced, extensive migration is not required.

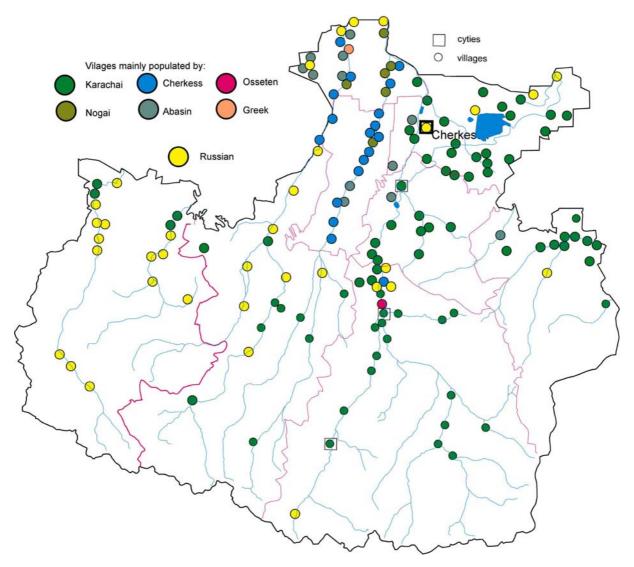


Fig. 2. *Settlement in Karachay-Cherkessia (made by author during the field work).*

In Karachay-Cherkessia the main ethnic groups have separate living areas on the territory of the Republic. Karachays are in the mountains and in the East of the Republic. Russians (Cossacks) and Cherkess occupy the plain in the West of the Republic. As a rule administrative division in rayons follows ethnic structure (e.g. in Habesski rayon lives Cherkess people). The Karachay people actively migrate from the mountains to the plains, pressing the Russians. The main motive is the lack of the land in the mountains and not the "natural aggression of Karachays".

Both Kabardino-Balkaria and Karachay-Cherkessia have huge internal distinctions, which cannot be removed even through a strongly centralized model of governance. The structural conditions of mountain regions are the greatest inequalities which require external regulation, and these attract the attention of the state. Objective inequality exists between different groups, caused by historical or natural factors. The rich plains and poor mountains, easily and poorly accessible regions, contrast with each other. These differences are exacerbated by the fact that ethnic groups

are not equally represented in highlands and lowlands. For instance, the Balkarians were always in an unfavourable position, inhabiting poorly-accessible and infertile mountain districts, while the Kabardinians have access to fertile land in the foothills and plains. These differences were partially compensated for by the state's policy of subsidising mountain regions, and offering more favourable conditions to the ethnic minorities etc. After the collapse of the USSR, the danger emerged that the balance supported by the state between the mountain and the plain populations would collapse and one ethnic group would be left dependent on the other.

1.2. Institutional framework and reform on the local level: implementation of constitutional rules or one more redistribution of power and influence?

The law of 1991 "On local self-government in the RSFSR" established the principle of local self-government's independence, created the basic legislative provisions needed, established elective bodies and determined the resources these bodies controlled. Thus, almost everything was provided for, but the local authorities nevertheless were made responsible *not to their electorate*, but to the superior authorities.

Since the mid-1990s, there have been three types of institutions in the villages in the North Caucasus:

- 1. Administration formally belongs to the official local self-government, but is controlled by the state.
- 2. Collective farms, changing their names in this period from kolkhozes and sovkhozes to various forms of joint stock companies (KSKhP, AO, OOO, TOO etc.)
- 3. Traditional institutions, falling into two groups: those formalized by the state (e.g. council of elders), and those remaining non-formalized (e.g. patrimonial networks).

Transitions between these types of institutions are blurred. The contemporary local level comprises a cocktail of state, traditional and hybrid institutions. The exit of the state from the local level and the replacement of state institutions by institutions of local self-management is taking place slowly. Local self-management (the village administrations) does not yet dispose of the necessary powers. Formally, local self-management has large powers, but in practice, local authorities are greatly dependent on state bodies.

Attempts to transform the institutional structure. In June 2006, a Council of municipal formations of the Kabardino-Balkaria Republic was created. Its declared goal is "to secure rights of municipal formations as well as cooperation in dealing with social, economic and other problems". In practice, this institution has a formal character and only imitates an activity in

postulated direction. As a consequence the local organs of power are still formed under the tutelage and control of higher institutions on the regional and republic level.

In the last years "on the basis of experiment", "viewing special geopolitical conditions" and under various other pretexts, a number of laws have been adopted in the republic, which aim to influence how local authorities are formed. Due to these measures, local authorities are completely under control. They can be perceived as a fully independent organism (and self-reproducing by the same principles), functioning independent of the population and poorly reckoning the needs of the population. A task of each member of this organism is to hold his or her position by all available means because of prestige and not the modest material resources these positions provide.

What are the mechanisms of the formation of such local authorities? On the one hand, this is a tool of a powerful administrative resource during elections. On the other hand, it is based on the total or nearly total passivity of population. The reasons of the last feature is a disbelief in "noble" intentions of the state, disappointment regarding an opportunity to influence results of elections, absence of any positive expectations irrespective of the outcome of elections («they are all the same»), dissociation of people engaged with their own troubles and feeling not like a real power able to change their lives.

Institutional transformation in the agrarian sector

According to the law of Kabardino-Balkaria Republic (KBR) "About the use of agricultural land in KBR" from 2004 (30/07/2004 Nr.23-P3) there is a moratorium for 49 years in Kabardino-Balkaria, which prohibits the privatization of agricultural lands. The passed moratorium can be conceived as an act of political will of the former President of KBR Valerij Kokov, who used to make public declarations that he would not cede to private property agriculturally important land. Two usual arguments were posted on that account: the first one considered a lack of land in the republic, the second one underlined the fact that a division of land would lead to a social and ethnic explosion, since in a plain region (which is traditionally inhabited by Kabardians) there is more land and it is of a better quality, while in the mountain regions (which are predominantly populated by Balkarians) there is almost no plough-land.

The problem of how to divide the land is a subject for numerous debates conducted by politicians, statesmen and scientists. The idea that this question is subject to the decisions of those who dwell and work on this land is alien to everybody in the strongly centralized statehood of this republic. The central authority of the republic will keep full control as long as districts depend on resources, as long as they are not able to form their budgets independently, and as long as decisions on any economic issue depend on the ability to "to fight for" or "to obtain"

resources at a higher level. Any positive examples from the neighbouring region of Karachay-Cherkessia encounter objection on the basis of the uniqueness of Kabardino-Balkaria.

In contrast to Kabardino-Balkaria a large part of the agricultural land in Karachay-Cherkessia is shared property. The norm of a land share makes 2 to 6 hectares depending on the district. Except of the state authorities also other actors are involved in privatisation matters: first of all these are local structures of self-governance and representatives of basic ethnic groups. The obliteration of this example covers a reluctance to carry out reforms, and a fear on the part of the authorities to lose levers of influence on the "bottoms". It results in a situation when constitutional rights are not performed or their performance is postponed on uncertain terms.

What is not visible? Besides the obvious and implicit obstacles installed by officials, an informal circle of the basic managers of lands has been established, whose income sources originate not only from the lease, but also from production (e.g. alcohol produced from wheat and never registered). It is not easy to collect data about the cultivated lands. Shadow land tenants are sometimes rather successful businesspersons. To a certain extent plough-lands stay under symbiosis of lease and private property and are subject of uncontrolled use. This phenomenon is known as a "shadow lease". The fact of a land lease stays unregistered and, according the documents, these lands are considered as waste. A complete inventory of lands, which should by definition precede the privatization, as well as occurrence of partial owners, cannot suit those who currently benefit from the system.

Because of the specificity of institutional framework and natural conditions, state reforms coming from "above" are ineffective in mountain regions. State intrusion into this sphere occurred of course, for instance, in the form of forced collectivisation, relocations, merging of villages etc. However, they were unsuccessful, and the local level constantly slipped beyond the state's grasp.

2. Reforms and Stability: Strategies at a Deadlock?

Local reforms are tightly connected with preserving stability. This causal relationship - reforms (or lack of reforms) – conflicts - is chosen further for the evaluation of development strategies in case study regions. We understand conflicts as dynamic social processes. Conflicts require people taking choices and conflict requires interpersonal action. In such mountains regions as the North Caucasus conflict exists as a "normal" and dynamic social process (structural conditions always reproduce inequality). If we take conflict as a dynamic social process the question is not why conflict exists but rather whether it is dealt with violently and whether it is conductive or disruptive for social cohesion and institutional adaptation. The focus of conflict analysis must therefore be to assess what it is about, who is involved, how it is carried out and, finally, how it changes its own environment, i.e. changes the constellation of involved actors, the bearing of affected institutions and the distribution of required resources.

The complex settlement and land use structures in Kabardino-Balkaria and Karachay-Cherkessia complicate the institutionalization of conflict procedures during reforms. Conflicts in these regions were characterized by local and short-lived outbreaks of violence:

- Inter-ethnic collisions with violence (seldom and only in 1991-1993);
- Inter-ethnic tensions with latent processes of migration, discrimination, etc.;
- Conflict over the rules about distributions and use of strategic resources like land.

Some examples are given below:

Interethnic / territorial conflict.

Despite the generally peaceful co-existence that had prevailed hitherto, at the start of the 1990s conflicts escalated and involved not individuals, but groups based on ethnicity. In Kabardino-Balkaria, the area where Balkar settlements are juxtaposed with Kabardinian proved to be the most pregnant with conflict. It was here that the most acute cases of conflicts spilling over into violence occurred. They all originated in social disputes, but then grew into ethnic confrontation. For example, the trigger for the conflict between the Kabardinian village of Khamidie and the Balkarian village of Novaya Balkaria was the murder of a Kabardinian by a Balkarian in the town of Nalchik. Two days later, a group of 60 Kabardinians carried out a pogrom on Balkarian farms. The group comprised relatives of the slain man and villagers from Khamidie. Soon afterwards, a group of Kabardinians carried out an attack on the village of Novaya Balkaria. The conflict threatened to escalate into mutual violence. The Balkarians felt insecure, since they were the only Balkarian village in a Kabardinian area. The village had been founded at the end of the 1950s for Balkarians returning from deportation to Central Asia and wanting to settle not in their home territory in the mountains, but in the foothills where there was more land.

Tension between Balkarians and Kabardinians was exacerbated by the circulation of myths of "our" land, and of the allegedly aggressive behavior of the one or other ethnic group. At Kabardinian gatherings, villagers requested the local authorities to liquidate Balkarian farms in their district. This was the background against which the conflict might have got out of control and turned into violence.

Means of conflict regulation encompassed the efforts at mediation both by state structures and officials (including the president) as well as by social-political organizations and individual leaders.

Politics and conflict on the local level. Regulation of local conflicts differs widely from village to village. In the village *Kaidan* in Karachay-Cherkessia, a number of ethnic groups border on each other. The village is inhabited by 60% Karachays and 40% Abasins (related to the Tcherkessians). The presidential elections in 1999 split the village. The Abasins voted for Derey, and the Karachays for Semenov. In 2003, the situation repeated itself. But the tension

did not spill over into violence. Moreover, taking into account the sad experience of the presidential elections, in the elections for the head of the village administration it was decided to allow two candidates from one ethnic group (non-competitive elections are illegal). As was the case with the presidential elections in 2003, the price of recruiting for one or the other camps increased, which reduced the motivation of the ethnic entrepreneurs. The council of elders, comprising both Abasins and Karachays, plays an important role in mediation.

The village of Khetagurov, an Ossetian enclave in a Karachay area, constitutes another example. In the presidential elections in 2003, the Ossetians voted in their majority for Batdyev. Between the first and second rounds of voting, a bomb was thrown in the yard of the one of the Ossetian activists. That was decisive in having the majority of Ossetians vote for Semenov in the second round. In contrast to Kaidan, in Khetagurov traditional institutions of self-government are weak. The majority of Ossetians wish in the future to relocate to other regions where they can enjoy more rights when, e.g., seeking work.

Conflict over pasturage. At the start of the 1990s, as a consequence of state collapse, transhumance practically ceased. Small-scale clashes between livestock herders and locals were ubiquitous. Thus, at the start of 1992, the inhabitants of the mountain hamlet of Verkhnii Baksan (El'brus district in Kabardino-Balkaria) blocked the road along which sheep were driven from the village of Bylym to the mountain pasture (the inhabitants of both Verkhnii Baksan and Bylym were Balkarians). Their justification was that, in conditions of economic crisis, there would soon be insufficient pasture. It took two years for the conflict to be fully resolved.³ A not insignificant role was played here by official and unofficial talks and an improvement in the economic situation in the republic.

We will further analyse the third type of conflict with low level of latent violence chracterizing as a social embedded conflict⁴. During land privatization in Karachay-Cherkessia this type of conflict occurs in two forms: a) within the village community between the inhabitants themselves and b) between inhabitants and authorities.

2.1. Conflicts over land between we-groups

Conflicts over land display two features: a) competition for a limited amount of land (either due to natural conditions or due to population growth); b) struggle for surplus production which can then be sold (for instance, disputed pasture can give additional production for market). In the first case, the conflict takes place between individuals and local authorities, sharing a resource, which is limited and difficult to divide. In the second case, conflict might arise between entrepreneurs, not necessarily resident in the region, but profiting from the sale of the surplus product and prepared to use all means possible.

An analysis of the figures (mostly notices in papers) showed that the most controversial issue during privatisation of land in Karachay-Cherkessia was the location of the plots of land. The quantity of land did not cause conflict, since it had already been fixed in 1992, when the land was

Gunja Alexej. Aufgaben und Ansaetze einer raumplanerischen Entwicklungssteuerung im oberen Baksantal/Nordkaukasus. In: Mitteilungen der Fraenkischen Geographischen Gesellschaft. 1999. Bd. 46. S. 267-303.
Zürcher, C. (2002). Institutionen und organisierte Gewalt. Konflikt- und Stabilitätsdynamiken im (post-)

⁴ Zürcher, C. (2002). Institutionen und organisierte Gewalt. Konflikt- und Stabilitätsdynamiken im (post-) sowjetischen Raum. Berlin: Habilitationsschrift, Fachbereich Politik- und Sozialwissenschaft der Freien Universität Berlin.

Koehler Jan and Zürcher Christoph (2004). Conflict and the State of the State in the Caucasus and Central Asia: an Empirical Research Challenge. Berliner Osteuropa Info. № 21. S. 57-67.

divided equally between the members of the collective farms and they were given the relevant certification. The fieldwork data show that in connection with the unequal distribution and deficit of resources, we-groups are forced to enter into cooperative relations, featuring enduring rules of joint use of land and space. This is especially characteristic of mountain areas, where several "clusters" of such institutions and forms of cooperative relations can be identified:

- 1) **Exchange,** based on the specialization and division of labour. Historically, the mountain dwellers (Balkars and Karachays) occupied the lands of the high and middle mountains, which were not suitable for dividing into plots, but only for animal grazing. As a result, the mountain dwellers were forced to exchange animal products for the arable products produced by the population of the foothills and plains (Kabardians and Cherkess). This mutually beneficial form of interrelations between we-groups (created according to the territory of residence) has a complicated history. Even in the Soviet period, when resources were redistributed from top to bottom, this form continued to exist, for instance in the form of traditional bazaars where exchange in kind took place. In the 1990s, the role of bazaars increased dramatically. Organized, special markets underlined the regional specifics of the products up for sale: cabbage from upper Balkaria, wool products from Chegem, honey from the Cossack farms of the foothills etc. Ethnicity was secondary.
- 2) **Leasing of land.** Two types of land lease are most common: a) leasing for long-term use of pasture or plough land b) seasonal leasing of pasture. Long-term leasing of pasture and plough land was practiced before the revolution. In Soviet times, lands, which had been leased, were secured by the kolkhozes and sovkhozes for long-term use.⁵ Previously the leasing of land had often caused disputes over the ownership of the land. These disputes died down in Soviet times, when the state became the monopoly owner of land. However, the question of the price for land emerged once again in the 1990s. National-political activity played a significant role here. At its peak, (in the first half of the 1990s), land became an object to be divided up between self-declared "republics".

Only subsequently did land acquire a price set by market, becoming an object of privatization in cities and semi-urban areas. In Kabardino-Balkaria, the president vetoed the privatization of agricultural land, the main type of land appropriated. This meant that land remained outside the market process. In Karachay-Cherkessia, the privatization of agricultural land is going ahead at full speed. By July 2006, the majority of collective farms should have found an owner. Lands left inappropriate will be transferred to the local state authorities.

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⁵ Ghirugov R.T. Semelnaya arenda: realnost perspektiv. Nalchik, El-Fa. 1999.

Seasonal leasing of pasture, based on the seasonal fluctuations in resources, seems natural: mountain dwellers need winter pastures; since the pastures, they own are under snow in winter and the plain dwellers need summer pasture (the fields they own are used for crop growing and require irrigation). This form of mutual relationship, which is often not fixed in writing, is called transhumance. In Soviet times, transhumance was officially supported and extended. The driving of cattle served as an indicator of peacefulness or tension in a region. The cessation of transhumance within a republic as well as within some valleys indicated a worsening of relations. In this way, the existence of such institutions points to a peaceful situation, although they are hardly capable of providing a basis for the prevention of conflicts. Instead they are indicators of peaceful coexistence. Some of these "naturally" occurring institutions are then consolidated in official plans of land use, i.e. they are formalized.

2.2. Conflict between the state and local community over the rules about distributions and use of land

The conflict between administration and villagers in Karachay-Cherkessia can assume various forms. The management of the collective farm might contest the land, which the members intend to privatize, or the management is as a whole against the privatization. The use of administrative pressure and legal support make it easy to find a "catch" with which the privatization can be hindered. The management might also protract the transfer of the land, leasing it to a third party without informing the shareholders or forcing them to lease the land back. The main factor increasing the risk of reforms is a weak connection between reforms and the local specificity. For hundreds of years reforms have been implemented in a top-down fashion. The local communities avoid or ignore reforms but sometimes they lead to conflict.

The role of self-management in regulating land and territorial relations grew after the state impact had weakened on the local level (in 1990s). The smallest units are the village municipalities (village administrations), which, as a rule, were carved out according to the ethnic settlement pattern. In addition, the framework of the collective farm exercised everyday control over land use. Now, more than ten different forms of collective farms exist. The most common is the SPK, which stands for Agricultural Production Cooperative (usually a previous collective farm). Peasant-owned farms are a new phenomenon, upon which many hopes were founded as reforms were being carried out. However, this western form did not acclimatise, largely because the peasant did not become the real owner of the land. In addition, the official registration, tax payment, and other formalities were not to the liking of many peasants. Especially in Karachay-Cherkessia, peasants left the collective farms, but declined the status of farmer. Not unimportant

in hindering the development of legal business in agriculture has been the absence of the concept of "taxation" among the peoples of the North Caucasus.⁶

Already in the 1990s, many citizens and citizens' associations tried to get land shares referring to the Law of Russian Federation. One example is illustrated in the newspaper "Gazeta Juga" from September 2002. "In 2001 more than 400 inhabitants of the settlement Dugulubgej decided to unite within a new agricultural association. They met and passed a statute, but the Chief of Administration of Baksan District refused the registration. Only after arbitrational court examinations, which took many months, were the actions of the Chef of Administration considered illegal and he was obliged to register the association "Dugulubgej". In addition, the imposed sentence of the court could not speed up the registration of a new association. Only after the institution of a legal proceeding and under threat of a considerable fine did the chief of Baksan district administration register the association "Dugulubgej". Meanwhile, it took the chief of administration only one day to register another association "Tambijewo" in the same settlement. According to complaints, the best land and the most commodities will pass into the possession of this association. After the registration of the association "Dugulubgej", the chief of the Baksan district administration refused to give land shares and property to association's members, which they wished to unite for common production activities. The dispute between the members of the association "Dugulubgej" and the chief of the district went to the arbitrary court of KBR once again. The inhabitants of the settlement made demands to declare invalid an agricultural association "Kysburun". They claimed it was founded in Dugulubgej in 1998 by the authority of the district in defiance of federal and republican law. In the opinion of the barrister representing the inhabitants of the settlements, the current situation for agricultural manufacturers forces them to remain dependant: "Today 2000 to 2500 hectares of land in each settlement are leased. The leasing payments go to the administration. The chiefs of villages and districts can decide about whom they give lands, how much and at what price. Otherwise, they will lose their power and won't be able to influence people. Furthermore, the law "About use of agricultural land" allows authorities to give the lands to people of their choice. Considerable areas already have nominated owners".

The inhabitants of Dugulegbej, Baksanenok, Karagach, Psykhurej and Islamej consider the current situation to be very prone for conflicts: formally, lands belong to communities but actually, they are at the disposal of officials. Thousands of rural manufacturers don't have any rights and are factually farm labourers. These people appeal to be freed from the "yoke of feudal oppression" and for help in realising their constitutional right on land ownership and the right to

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⁶ Polyakov S.P., Bushkov V.I. Sozialno-economicheskaya situazia v Severo-Kavkazskom regione. Issledovania po prikladnoi I neotloghnoi etnologii. №108, 1997.

engage in production activity of their choice. Moreover, they demand to call those officials to account for these outrages.

Privatization of land in Karachay-Cherkessia takes place mostly in the plains and foothills. Several factors explain the absence of privatization of agricultural land in the mountain collectives. Firstly, there is always a lack of land in mountainous regions, where land since time immemorial was held in common (for instance, winter pasture). The small plots for haymaking and crop growing had private owners even in Soviet times. There is no need to register ownership officially, since their owners have often been recognized as such for centuries. In many cases, land belongs directly to the local authorities (often not even the village, but the district authorities), who lease the land.

Publications in regional newspapers – notices informing of specific peasants withdrawing their land from collectives - are the means by which privatization is legitimated, and thus space appropriated. The essence of notices published in the main republican newspaper lies in the formal publishing of agreements reached between villagers and shareholders in the collective farm regarding the latter's withdrawal of land from land previously held jointly. Diverse motives for doing so are indicated. The most frequent motives are "in order to lease", to establish a private farm etc. In some cases, the motive is not indicated and simply the intention to withdraw land is stated. In the village of Vazhnoe the standard phrase was "to expand individual private farming". A typical notice comprised the following: We, the shareholders of such and such collective enterprise (list of surnames, initials or first names) hereby inform of the withdrawal from the collective of the land share (size is indicated, as a rule between 2 and 6 hectares per person, with the type of land indicated – arable land, hayfield or pasture), location and reason for withdrawal. All such notices contain a phrase stating, "objections must be submitted within a period of 1 month from the date of publication". In this way, press publication is a particular means of legitimising the appropriation of space.

Privatization of land in Kabardino-Balkaria

The flat country and foothill lands are of agricultural value. Mainly, these lands are subject to sharp discussions. The general official opinion of Kabardian voters can be reduced to three possible scenarios concerning the future destiny of the most fertile and densely populated land in the flat country: a) the land shall be distributed free of charge in shares; b) the land can be privatised in no way; c) the form of ownership is not important, the efficiency of the land tenure doesn't depend on it, other instruments of regulation shall be developed, e.g. leasing or state regulation.

- A) To divide everything: This opinion could be summarized as follows: a preservation of the existing state of affairs would mean a direct way to slave owning and feudalism. The republic is not in the possession of oil, gas, or gold. There are only two real resources: land and forest, and the last one is much less than the first one. Those who own land have power. Now this right belongs to the heads of municipal authorities. It is evident how they take advantage of this right. Among political forces operating in the republic the most active support for privatization is showed by the regional branch of the Union of the Right Forces. One of the leaders of the regional branch of the Union of the Right Forces has the following opinion: "There is no freedom without property, and vice versa. By having a property, that is a share of land, a person will feel like a citizen. At the next stage, he will require political freedoms in order to protect his property. So he will not vote for somebody indicated from above but he will start to make the choice of an effective chief of administration according to his interest. Today he doesn't care for whom he votes – for a bottle of vodka he will vote for anybody. Even if he doesn't vote, others will put his "right" vote into the ballot-box. For many years village inhabitants used to be a cheap electorate. At any moment the authorities can "block the supply of oxygen" - switch off water, electricity or gas. It is a slavish dependence. So, the "vertical of power" – a dream of Putin for Russia – has already existed in our republic for a long time. If a countryman receives his share of land, he can dispose of it - lease it, bond it, grant it, sell it, etc. In this case, officials play no important role. So it is obvious that local officials will hamper the progress of such a reform".
- **B)** To divide nothing. The short formulation of the case against privatization would be: for a republic with such a small land resource, the reform will lead to conflicts and social enmity. During the last 15 years, socio-political conditions have been finely balanced. In case the distribution of land shares are declared, everybody will demand to receive land those who are entitled and those who are not. On the domestic level, it would be difficult to explain to people that one's neighbour is entitled to something, and one is not. Further, the question arises: what to do with this land? To sell? Who will buy it? Rich people will buy up the lands, and tomorrow the same question will arise as regards privatization vouchers: we have being deceived, robbed, so let's reconsider the results of privatization. Besides, there are no guarantees that the privatization will increase the efficiency of land use. On the contrary, the efficiency can essentially decrease at the beginning.
- C) Leasing and state regulation. This point of view is well represented by the deputy minister of Agriculture of KBR Mr. Zhirugov: "A historical experience proves that efficiency of land use does not depend on a form of ownership not here and not abroad. As for processing, protection and other actions, so the most favourable for a value of the land and for its quality is large-scale

commodity production. Such a manufacture needs greater areas, which are more favourable for leasing because one doesn't have to invest in the land purchase. Problems like e.g. a mortgage of the right of leasing on the security of credits, insurance of risks and so on can be solved with a help of corresponding amendments to the land law and banking acts. Whatever the form of ownership could be, there is a need for a state regulation in the agrarian sector. Farmers suffer very much from the absence of any planning: what to plant, how much production and the price at which the goods can be sold. Often peasants or small manufacturers who start the new art of cultivation get financially ruined after only one agricultural season and don't want to get involved with it any more. Often it happens like this: for example, this year garlic is sold for a high price. Next year most of the farmers will plant garlic so the price for it will dramatically go down, and some of them won't be able to sell any garlic at all. In the summer of 2005 we viewed such a situation with tomatoes and red pepper; in summer 2006 with cucumbers. In August 2006 one could see cucumbers lying along the roads and rotting, even though you could buy them for 2-5 Roubles a kilogram. In the beginning of September the sale price for cucumbers rose to 20-25 Roubles a kilogram. There is no purchase system. Hopes, that the price will be regulated by the market are not realised. In our situation only an intervention of the state can make land use more effective. It could be a development of national projects, investments or even a regulation of prices on specific goods in order to give the population social protection. Being an official person I totally agree that the constitutional right to land ownership should be realized. But being a specialist I don't think it would raise efficiency."

Tricks of the state – juridical jungle.

The first potentially contentious factor is the differentiation of property. There is no inventory of land yet in KBR and the borders between the republic's and the municipality's property are still undefined. Supporters of privatization suggest defining the shares of municipal and republican land simultaneously. Opponents suggest fixing a municipal property first and only then "thinking about the realization of the rights of the rural population". Some experts are convinced that in this case rural dwellers won't get anything at all. If the land is legalized as a municipal property, it could be an occasion for a civil war because people will get no land. Municipalities don't offer anything free of charge even if according the law the property of municipalities cannot be sold. According to Article 10 of the Federal Law from 27.01.2003 "About an agricultural use of land" the land in a municipal property can be sold only by auctions or in exceptional cases to farmers who leased this land for not less then three years, at the market price or at the price set by a subject of the Federation.

There is also another legislative trick. According to the Federal Law "About agricultural use of land", lands which have not been privatised before January 27th, 2007 but remain at the disposal of debtors' economies can be withdrawn by creditors into confidential management. Today most of assignees of collective farms and state farms are already bankrupts, or stay short before bankruptcy. They have debts of many millions by energy monopolists, financial institutions, or by the Pension fund.

The state takes a full advantage of the legislative jungle in order to expand its power, in particular, using a tool of change of territory status. Several settlements were given the status of towns: e.g. settlement Dugulubgej has been connected to the regional centre Baksan, settlement Chegem has been given the status of a town, settlements Hasanja and Belaya Rechka have been connected to Nalchik. By means of political decisions, settlements where inhabitants traditionally conduct a rural way of life have been given the status of towns. Still, one cannot speak about any urban infrastructures at least at present. At the same time, the dwellers of these settlements lost all their privileges concerning taxation, payment for energy sources, etc. Numerous protests by inhabitants of these settlements have not been successful yet. For example, in Hasanja (mostly populated by Balkars) even a referendum has been held on this matter (the Central Executive Committee of Kabardino-Balkaria declared its results illegal). Only on the third attempt was a referendum successfully organized. It was cancelled twice on demand of a city court of Nalchik. According to the initiative group, 52 percent of inhabitants of the settlement took part in the referendum, and 99,4 percent voted for independence from Nalchik. If this state of affairs doesn't change, tens of thousands of people will lose their right for a share of land.

Conflict over land between the state and local community.

Village of El'brus, Kabardino-Balkaria. With the start of privatization of non-agricultural land, the price of land shot up, in some recreational areas reaching several thousand dollars for 0,01 hectare. The administrative change in the category of land deprived locals of the freedom to dispose of their own land, hayfields and common pastures. In 2005, inhabitants of El'brus protested against a change in status of their settlement from agricultural to urban, because it impaired their rights to land, in particular reducing the size of land plots for garden farming. The conflict has not been resolved.

Settlement of Kubina, Karachay-Cherkessia. At the end of June 2005, the administration of the town of Ust'-Dzheguta decided to add part of the lands belonging to the settlement of Kubina, inhabited mostly by Abazins, to the municipal lands. As a result, the Abazin aul was deprived of lands which generated significant revenue. This provoked a bitter conflict. The Abasins burst into the parliament of the republic and occupied the building. The Abasins community demanded the immediate formation of an Abasins administrative district. The conflict has not yet been resolved.

Therefore, the field materials show that most important conflicts are not between different groups (ethnic or regional) but between local communities and the state. Now the federal, regional and local authorities don't have clear strategies on how reforms should be carried out at the local level.

3. Policy Options

3.1. Trends and scenarios

Several scenarios are possible depending on how the local reforms will be conducted:

1. "Play of compromise" between state (federal) demands and regional conditions. This is a current scenario, which excludes the local population from the decision-making. Instead, regional and federal officials decide the play to their favour. Following trends can be viewed in this case:

Spheres of	Factual trends according to current low-activity operation of laws			
activities of the				
new law				
1. Shift in the	• Formal allocation of power, factual reduction of freedom			
status of local	(impossible to provide social protection, roads, water supply, etc. at the			
self-governance	expense of local budget). Thus, the threat of self-financing leads to ever more dependency from authorities.			
	• Growing role of paternalistic connections filling a deficit of local			
	authorities in solving local problems (countrymen, businessmen, relatives,			
	etc., who are in the possession of power on the regional level or finance			
	resources assumed as contact persons).			
	• Co-optation of traditional institutions, formal revival and loss of			
	factual influence.			
2. Shift in the				
land status	Cherkessia; lands in the mountain areas go into the state's property.			
	• State stays the main distributor of land in Kabardino-Balkaria.			
	Instead of privatisation importance of leasing is growing (as the state			
	represented by corporate groups, these groups obtain the control over land).			
• Infringement of interests of traditional users due to a ch				
	status of settlements from rural to urban.			

Table 3. Trends evolving in the course of adoption of the first strategy

Strategy 1 is not effective and has a negative impact on stability (as events in Nalchik in the autumn of 2005 showed).

- 2. "Pragmatic" solutions. In this case, the reforms are conducted without compromises with regional authorities: empowerment of the local level, reduction of state subsidies, introduction of market prices for land. In this case, many unpromising settlements (mainly in mountain areas) are threatened with disappearance because local budgets are not able to provide people with social support and work. An outbid of land will lead to growing economic activity, but also heighten social tension between rich and poor, as well as between ethnic groups. Finally, social conflict can cancel the positive economic effect.
- **3. Pseudo-regionalism.** This strategy is similar to the first strategy, but differs from it because regional authorities obtain the central role in the realization of reform. This could show some positive effect. These utopian schemes were proposed e.g. for the reconstruction of Chechnya

(granting of a wide range of freedoms, off-shore zone, etc.). However, the regional authority is far from perfect. An imitation of the regional "specific features" can lead to conditions where regional corporate groups (clans) will monopolize access to land resources and completely control the local level. This way can turn out to be more economically profitable as a whole (low transaction cost of relation with federal level). On the other hand, it can lead to a sharp impoverishment of one social group at the cost of the enrichment of others (this process is evident now, but is still under control). The threat of social conflicts (see second strategy) may undermine the economic effect.

4. Localism – means that interests of local actors will be considered. The most effective but labour intensive way starts with a solution of problems posed by local actors. Their interests are not considered. Nowadays reforms come from above irrespective of whether or not people wish them. Meanwhile, the potential of the local level is by no means exhausted: the inhabitants of rural areas are able to unite state and local interests, as well as to explore the ways of reform. This scenario requires ancillary institutional support, organization of local alternative institutions, NGO's, etc, which will help the realization of the ideas for development.

Strategies	Who determines the	Evaluation of economic	Impact on conflicts and
	strategy?	efficiency	stability
Play in	Federal and regional	Low	Despite apparent
compromise	officials		control of the situation
			there is a danger of
			conflict intensification
Pragmatic	Federal officials and	Relatively high, but low	Increase of tension
solutions	outside experts	in aggregated form	
Pseudo-	Regional authorities	(social results are rather	
regionalism		low).	
Localism	Local actors	Relatively low	Decrease of tension

Table 4. Evaluation of the contemporary strategies

3.2. Options based on comparative analysis of policy experiences in case-study regions

A comparison between Kabardino-Balkaria and Karachay-Cherkessia reveals several institutional mechanisms for regulation of conflict over land and power on the local level:

- 1. Monopolizing of conflictual areas by state;
- 2. Framing of democratic conditions for self-regulation of conflict (e.g., free market).

A temporary lessening of conflict potential can be induced by the mechanism of sidelining / neutralizing areas of conflict, for instance the monopolization by the state of strategic resources or positions (eliminating risk). The most blatant example is the awarding of federal status to a

number of territories. Such means of regulating conflicts cannot be assessed as entirely positively, since the short-term positive effects may be counterproductive over the long term.

In Kabardino-Balkaria, most of the land (agricultural land) is monopolized by the state, and consequently does not constitute a resource causing conflicts between groups. Conflicts between local communities and the state have sharpened. This is most evident in the infringement of the peasants' rights to land, even traditional lands, which they always held.

In Karachay-Cherkessia, a land market has begun to form, creating a whole slew of new actors, as a rule representing mini social groups (such as family and kinship associations).

In Kabardino-Balkaria, the state has continued the Soviet policy of penetrating right down to the local level, in spite of all the directives passed in Russia in recent years. Municipalities remained essentially part of the state. State structures control land. Peasants were tied to the state by the institution of land leasing. Measures taken on federal level to free localities from excessive state regulation remained only on paper in the republic. The state continues to control the local space. The spirit of federal laws is re-interpreted to the benefit of the regional authorities. Citizens' initiatives that contradict the decisions of the regional authorities are stalled. Officially, these facts are justified by the likelihood of conflicts occurring should land be privatized.⁷

In Karachay-Cherkessia, the privatization of agricultural land is proceeding rapidly, but the state tries to retain a strong hold on the local level. State officials use a variety of refined means to obstruct the development of private land holdings. One of them is the transfer of land to a legal category for which private ownership is excluded. There are a large number of categories for state land: land reserve, state forestry, urban municipality lands, nature reserves, etc. Nevertheless, in comparison with Kabardino-Balkaria, a large step towards the demonopolisation of state land rights has been taken.

⁷ One of the other original versions: «...land in Kabardino-Balkaria means grain – for distilling spirits. The quantity of this resource is not known and not taxed. But there are around 20 registered private distilleries in the republic.». Luiza Orazaeva, NatsBez.ru, 12 July 2004.

4. Recommendations

This analytical report emphasizes the necessity to develop a strategy of localism, to support the institutional sphere, which is the main nexus of reforms, to strengthen the equality of local, regional and federal levels. In according to *working hypothesis* the short-term stability in Kabardino-Balkaria, which is based on centralized forms of governance leads to economic and social stagnation and, as a consequence, to polarization of society and to the growth of tension. In order to avoid this way the local actors and institutions should get more space on the scene. This complies with structural conditions in the region. The example of Karachay-Cherkessia proves the adequacy of this strategy: the pluralistic and the more democratic environment in this republic is risky but more adequate to a multiethnic mountain region on the way to long-term stability.

More specific recommendations in the framework of the strategy of "localism" can be adopted depending of the specific features of the region. Still, some recommendations, which are important for each region, should be highlighted.

- progressive laws of municipal and land reform as such, but also commit sabotage and find ways to avoid them. A strong vertical of power and the centralization of power in Kabardino-Balkaria blocks the development of other actors and diversification of institutions. Due to interest, conflicts between the population and the state, public organizations (so far only gingerly) start to engage in the protection of interests of citizens. In Kabardino-Balkaria, e.g. a Council of elders is actively trying to mediate in the regulation of disputes between actors from the local, regional and republican levels. Nevertheless, on the local level an institutional vacuum still exists, weak structures of local self-governance and weak traditional institutions. This is the main obstacle for the conduct of reforms. In consequence, the speed and direction of reforms strongly depend on officials. One of the respondents who is an official in a rather high position says: "Concerning the issue of local reforms and property of land, absolutely everybody's interests shall be regarded. If the mechanism of reform is not convincing and doesn't consider e.g. the interests of bureaucrats, so, believe me, they will find a possibility to stop or at least to block the reform."
- 2. **Institutional capacity building.** It is important to improve the institutional capacity for reform realization. The state should create favourable conditions for development of regional non-governmental organizations, which can unite different local actors. Taking into consideration the fact that NGOs are used to be discredited as "agents of the West", it will take time until public and traditional organizations and institutions reappear. Trust in these

institutions is based on a natural connection to the local population. Thus, the NGOs should grow from bottom up and not be propagated from above. Another approach to build the institutional capacity on the local level is used in some CIS countries where local communities in the mountain regions mainly rely on traditional institutions. In Kyrgystan, for instance, to ensure legitimacy of local institutions, so-called territorial self-government bodies were set up, staffed by villagers working on a voluntary basis, who aim to help providing land and water reform. In spite of the relatively small number of these bodies they have given a certain impetus to village life as a whole. This has done much to generate legitimacy and confidence on the part of other villagers and on the part of central government authorities⁸.

- 3. Formation of trust. Decision making concerning local self-governance and the change of land ownership should be discussed at local level. The most important issues should be discussed in the Councils of elders or in other traditional institutions. The Law on self-governance empowers the population for self-organization and formation of authorities. Besides the centralized bureaucratic mechanism, which prevents the reform, the realization of rights is also hindered due to social apathy as well as due to an active anti-propaganda. The "explanatory work" which is conducted among the population leads to a situation where people try to withdraw from the public sphere. For instance, many people in Kabardino-Balkaria really don't realize that if they obtain a share of land this doesn't oblige them to cultivate it. On the contrary, there is a lot of propaganda about a lack of technical equipment for land cultivation, a lack of finances for purchase of seeds, and about land taxation. Thus, the rural population perceives land as a burden. That's why transparent information about privatisation should be actively spread, e.g. lists of persons involved in privatisation as well as areas subject to privatisation.
- 4. **Territorial approach "from bottom up".** Regions cannot be regarded as homogenous territories with similar problems for towns and villages, capitals and provinces, mountains and plains. Problems and conflicts differ from place to place, from territories of one ethnic group to another, from mountains to plains, from the centre to periphery. Therefore, the mechanisms applied should vary. To find mechanisms appropriate for each territory is a matter of competence of local actors. The tool of reforms "from bottom up" is the best one for the adoption of federal and regional initiatives to local conditions.
- 5. **New mechanisms.** In order to enable new mechanisms, local businessmen need a certain freedom of choice. In addition, means of obtaining creed and elimination of the "state racket"

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⁸ Gunya Alexey. Cross-border cooperation at local level in the Alps, the Caucasus and the mountains of Central Asia. Berlin, 2007.

in the form of taxation, customs, limitations of credits, etc. should be diversified. For example to receive a credit in KBR, enterprises are supposed to receive a guarantee from the ministry of agriculture. This means a lot of official circumlocution. A state programme should be developed, which would support initiatives on the local level in creation of special independent developmental funds.

- 6. Effective control and regulation. A change in land ownership will inevitably lead (due to purchase and sale) to a concentration of big tracts of land in the hands of certain persons. In order to prevent monopolization, a legislative limitation of land shares in property of one owner should be introduced. Members of the republic's commission on land could propose e.g. to limit the land ownership to a maximum of ten percent within the boundaries of 1 municipal district and up to 30-40 percent within the boundaries of a municipal settlement. Regardless of whether the issue is brought up it is obvious that inhabitants of different regions of the republic won't get equal status for the quantity and quality of the allotted land. Still, this must not speak against reforms. The local population will hardly have claims to other land except their own. The optimum alternative seems to be a situation where those categories of rural inhabitants who are entitled according the law obtain shares of land. In order to carry out this procedure in a quiet atmosphere, certain conditions should be met. First, a complete inventory of land should be conducted: only the lands, which are available for land sharing, can be allotted. Second, the government should prepare complete lists of people who can claim the land shares. If this condition isn't met or is postponed, this could lead to unpredictable consequences. Third, it would be important to provide for some enabling arrangements in order to support new owners at least in the beginning in their decision making: e.g. whether to cultivate the land, to cultivate alone or in an agricultural association, to lease additional land or not? These could be franchise credits or even interestfree loans. These forms of support already exist in the programme of priority national project in KBR "Development of the agricultural-industrial complex", but they are not used in a proper way. The presence of the state would be justified in the sphere of control over credit agencies and insurance companies.
- **7.** To make it work effectively, the process of privatization should be completely **transparent**. Each citizen should have access to information about the quantity and quality of the land shares and about categories of citizens entitled to claims for land. Also an explanatory work among the population should be done both for procedures of ownership preparation, as well as regarding the foundation of agricultural associations, possibilities of leasing of owned land, etc.

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