

OLYMPIC POLITICS: SOCHI 2014 AND BEYOND

Conference papers

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Note on spelling: In this report, the preferred spelling of place names used by the individual authors has been retained.

Introduction

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International Alert's work in the Caucasus began with its Georgian-Abkhaz programme on the official invitation of the Georgian authorities not long after the cessation of Georgian-Abkhaz hostilities in 1993.

The Georgian authorities' appeal to Alert was a call to start confidence building between the recently conflicting sides, and so Alert started to work with different social groups across the conflict divide – ex-combatants, young journalists, socially active women's organisations, youth, entrepreneurs and academics. Alert also facilitated the capacity building of civil society and, as a result, strong NGOs later emerged on both sides.

In providing a neutral platform for dialogue and engaging people from both sides from different social spheres, Alert effectively supported the emergence of groups of people who became engaged in dialogue processes with each other already independently of Alert.

However, in 2008, taking into consideration that the perceptions and interpretations of the causes and dynamics of the conflict remained radically different in the two societies, Alert embarked on a new process together with experts and civil society leaders from both sides, starting to make the process and results of analysis and dialogue available to a wider audience beyond established dialogue circles, by publishing research on topical themes of the dialogue.

The joint publications by experts and public figures from both sides of the conflict have been widely disseminated and discussed – in universities, among NGOs, with the authorities and even among international actors. The local television and print press are also used to deliver the main messages arising from the research.

In monitoring the ongoing "dialogue-through-research" and the public discussions which followed, we realised that indeed there had been some success in bringing closer the understanding of the two societies on the origins and development of the conflict, and missed opportunities (on both sides) as well as people's fears, myths and stereotypes, which had emerged on either side in the absence of real information and limited physical access.

Having focused on the complex interwoven details around the Georgian-Abkhaz conflict in efforts to bring closer the perceptions of the sides, we arrived at the conclusion that, moving forward, we should broaden out the Georgian-Abkhaz format and draw into the dialogue process an analysis of external factors and external actors that influence the conflict context.

By "external factors", we mean external actors as well as tendencies that can be observed just outside the conflict context with a high probability that they might spill over into the conflict region.

Since the perception of Russia's role is quite ambiguous on either side – sometimes underestimated or, quite the contrary, mythologised – at this stage, we decided to look at a more or less peaceful

event, which Russia is planning in the Caucasus. Through the prism of the preparations for the Winter Olympics, which have an impact to varying degrees on conflict dynamics across the whole Caucasus region, this conference set out to discuss relevant issues related to the Georgian-Abkhaz dynamic. For example, one topic discussed was that of the massive economic injections into the region in relation to the Olympics, and the associated political and economic impact, with experts giving various prognoses as to what could unfold when such Kremlin infusions are later reduced or come to an end.

Another issue raised was that of national identity and Russian policy on this. The public mood in Russia and xenophobic attitudes towards migrants from the Caucasus have a direct impact on the mood and public opinion in the Caucasus themselves, especially in the conflict regions, where the dependence on external factors and external messages is much stronger.

The ever more popular slogan that can be heard in Russian society “stop feeding the Caucasus” may prove to be a resource that, at the right moment, the Russian authorities could use to deflect public protest of a socio-economic nature on to a third party. Lately, the official press have been drawing links between the Russian opposition and migrants from the Caucasus, thus going even further – creating in the Russian public consciousness a negative association about the opposition, as though they are as bad as Caucasian migrants. However, for the sake of fairness, we should point out that the only thing that unites the authorities and liberal opposition in Russia are their xenophobic attitudes towards Caucasians.

As the younger generation of Caucasians, including those from the North Caucasus, are increasingly fearful to travel to Russia and, as a result, get all their information only from the media, we can see a strengthening of the role of the Caucasian diaspora in Russia as an influential channel of information and shaper of public opinion. This diaspora are migrants from the period of the collapse of the Soviet Union and, as a rule, have become fully integrated into Russian society, and many of them managed to forge close ties with authority while retaining their close economic and kinship ties in the Caucasus, and in this way enjoy huge social capital.

The conference speakers and delegates raised a number of problems to which there are no easy answers, but for which there is appetite to ponder, study and analyse and come up with possible scenarios for the future of this complex, conflicted region, where tragic historical facts, economic problems and interests of different players, disturbing public moods, the minorities’ question and recognition of identity are closely intertwined. Here we present the full texts of the conference papers for the attention of the reader.

Finally, we should point out that the grandiose nature of the pre-Olympic preparations, the aura around them and the unprecedented security measures, which go way beyond the Olympics in Sochi, make it clear, without equivocation, that Russia’s main priority at this current moment in time is the Caucasus. The people wait in anticipation of change.

The Sochi Olympic Games: an ethno-political knot

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On 7th February 2014 the 22nd Winter Olympic Games will open in the famous Black Sea resort of Sochi. These Games will be the first Olympics hosted by Russia since the dissolution of the Soviet Union. As such, the Sochi Games will be more than a mere athletic competition; they will possess a singular symbolic character, important to Russia and particularly to Russian President Vladimir Putin, for whom the Sochi project is critical. On the eve of the 119th session of the International Olympic Committee in Guatemala on 4th July 2007, at which the decision on the host city for the 2014 Games would be made, Putin was the main Russian lobbyist for the Sochi project.

He considers the event to be a demonstration of Russia's post-Soviet potential and its growing role on the international stage, as well as a visible proof of his policy success in overcoming the "political chaos" that followed the dissolution of the USSR. The Sochi Winter Olympics have also been interpreted by some as an integral part of Putin's return to the presidency – an attempt to secure domestic support and prestige. According to the Russian leader, if Russia 'failed to restore the territorial integrity of the country and stop the confrontation in the Caucasus in the form in which it was five to seven years ago, and was unsuccessful in resolving a variety of social and economic issues', it would not be possible to see an Olympic Games on Russian territory.¹

According to Vladimir Putin's official estimates, the value of expenses for the "white Olympics" is 214 billion roubles (equivalent of US\$6.5 billion). Of this total, 100 billion roubles (about US\$3.3 billion) are from the state budget, while 114 billion roubles (about US\$3.45 billion) are private investments.² However, the alternative estimates as of June 2013 show another figure – approximately US\$50 billion. This figure is the highest ever not only in absolute terms (i.e. in the history of the Games in modern times), but also in terms of the excess cost overrun based on the initial budget (which stood at US\$12 billion).³

Climate and expenses aside, Sochi faces a number of more difficult challenges. It stands as the focal point of several thorny issues with geopolitical and security implications, and is central to problems relating to the environment, transportation, housing and public services.

Security in the North Caucasus

In 1972 the Summer Olympics in Munich was shattered by a cruel terrorist attack and the murder of 11 Israeli athletes by Black September, a Palestinian group. The Games were used as an arena through which to draw attention to the conflict in the Middle East and the national demands of the

¹ Cited in 'Desyat' podvigov Vladimira Putina [Ten feats of Vladimir Putin], 7th October 2012. Available at <http://top.rbc.ru/politics/07/10/2012/673050.shtml>

² Prezident Rossii: Interviyu Pervomy Kanalu I Agentstvu Associated Press [President of Russia: Interview to the First Channel and Associated Press Agency], 4th September 2013. Available at <http://www.kremlin.ru/news/19143/>. It seems this figure concerns the value of Olympic objects not the whole preparation process because Vladimir Putin particularly stressed that Russia expended extra money for the infrastructure of the South of Russia and Sochi first and foremost.

³ 'Dorogoye udovol'stvie: skol'ko stoit Olimpiada v Sochi [The expensive pleasure: how much does the Sochi Olympics cost?]', 17th June 2013, <http://www.ski.ru/az/blogs/post/dorogoe-udovolstvie-skolko-stoit-olimpiada-v-sochi/>. The figure of US\$12 billion was announced by Vladimir Putin at the International Olympic Committee session in Guatemala in 2007.

Palestinians. Since that time, the organisation and planning of each Olympics has been accompanied by, and incorporated, serious security preparations.

Unlike recent Olympic host cities, such as Beijing, London or Vancouver, Sochi finds itself much more vulnerable from a security perspective. It lies approximately 100 km from Karachay-Cherkessia and less than 200 km from Kabardino-Balkaria, which saw 156 people become victims of political violence last year.

Today, the North Caucasus breeds instability beyond the region itself. Terrorist attacks by the jihadist groups of the Caucasus have taken place in Moscow (the bombings of the Moscow metro in 2010 and Domodedovo airport in 2011) and on Russian railways (the bombing of the Nevsky Express train between Moscow and St Petersburg in 2009). The jihadists of the North Caucasus claim to have spread their activities into the Volga region, where Islamist groups, including militant radicals, have begun to take shape. Those bombings sent the message that the North Caucasus issue is not limited by geography, that they could export their fight beyond the borders of Russia's most turbulent region.

In 2007 some of the jihadist groups of the North Caucasus (such as "Dagestan vilayet") said they were ready to attack Sochi and destabilise the Russian power structure. At present, "Dagestan vilayet" is considered one of the strongest militant groups in the North Caucasus and has been responsible for many high-profile terrorist acts, including a bombing during a military parade in 2002, the murder of a police official in Dagestan in 2005, and the death of the head of the Dagestan interior ministry in June 2009. The most ambitious counter-terror operations in the North Caucasus, not including the two Chechen anti-separatist campaigns, were directed against "Vilayet". It is considered to be a part of the "Caucasus Emirate" (CE), which is led by Doku Umarov, a self-styled jihadi of Chechen origin. Yet the structure of the CE is designed as a network and therefore does not operate within a vertical hierarchy. It is also not the only terrorist structure in this turbulent region.

Moreover, in July 2013 the leader of the CE in a video statement called upon his supporters from the North Caucasus and Volga-Ural region to disrupt the upcoming Sochi Olympics. He publicly abolished his previous moratorium (February 2012) on attacks against civilians and called for the start of a new phase in the 'sacred fight' for the liberation of the Caucasus region and of Muslims across Russia. In spite of Umarov's "moratorium" on civilian attacks from last year, terrorist acts continued, though they decreased in number in comparison with 2010 and 2011. Thus, now a "moratorium" or any other bright PR gestures are not needed for Umarov and his supporters. He no longer needs the moratorium to get support from the West. The negative image in the West of the CE, even despite contradictions between the USA and Russia, is now deeply engrained.

Russia's security response

Facing major security risks and potential threats, the Russian government put in place serious security measures to prevent any negative outcome at the Games. Any act of terrorism in Sochi or in close proximity to the Olympics would undermine the political credibility of Russian President Vladimir Putin, jeopardise the symbolic affirmation of the Russian foreign policy ideal and raise difficult questions about Moscow's ability to control the North Caucasus. Any security breakdown at the Games in Sochi or a repeat of a scenario like that in Munich in 1972 would not only be a blow to Russia and her reputation, but it would also be a challenge for international security writ large and a

testimony to its extreme vulnerability and ineffectiveness. To prevent such an outcome, the Kremlin has put in place unprecedented security measures.

As of June 2013 US\$2.5 billion have been allocated for security at the Olympic venues and the areas surrounding Sochi. The Russian Interior Ministry plans to create a so-called "Security cordon" that will include more than 100 km of coastline in the Greater Sochi area (the total area is defined by: the Magri settlement in the west to the peak of Kardyvach Uzlovoy on the east and the Kashin Mount in the north to the Imereti Basin in the south) at an inland depth of approximately 40 km. The ski competitions will be held in an open area in Krasnaya Polyana, just 39 km away from the city centre of Sochi.

In December 2007 the federal Law 'On the Organisation and Realisation of the Olympic and Paralympic Games' was adopted. It declared the period between 5th July 2007 and 31st December 2015 the 'period of the organisation of the Games'.⁴ Article 10 of the Law specifically concerns security measures. It has introduced some restrictions and limitations on entry to the territory of the Games and the length of stay there for those visiting and all modes of transport, including private and state-owned vehicles, seafaring craft and aircraft. This Law also proposes a suspension of any and all manufacturing activities if they come under suspicion (especially of chemical, biological and radioactive products) and restrictions on the sale of drugs and toxic substances (such as arsenic, snake and bee venoms), traditional alcohol, and methyl, ethyl, technical and edible alcohols unsuitable for the production of alcoholic beverages.

Moreover, this legislation has given the president wide-ranging authority to create supervised and prohibited zones, strengthen security measures, and restrict access around the Games. It is possible that additional security measures will be implemented on the River Psou (the *de facto* border of Russia with Abkhazia) on the eve of the Games. In Abkhazia itself, fear of the complete or partial closure of the border could potentially cause damage to local small and medium businesses. In the Greater Sochi area, the 2013–2014 school year started in late August, rather than on 1st September per usual, in order to save "the Olympic time" for the winter break.

The Circassian issue

The upcoming Olympics will be held in a place of symbolic historical importance. Sochi holds a special historical significance for every Circassian person. On 21st May 1864 Russian troops crushed the last bastion of Circassian resistance at Kbaada (now Krasnaya Polyana, part of the Sochi area) in the Western Caucasus during the Caucasian War. Grand Duke Michael Nikolayevich, the fourth son of the Russian Emperor Nicholas I, presided over a military parade of Russian troops through that territory, marking a great victory for the Russian army after years of bloody conflict. The demographic losses suffered by the Circassians from the war, but also due to the diseases and forced expulsion that came with it, were immense.

However, the history of the Russian conquest of the Caucasus is not defined solely by these ethnopolitical and human tragedies. Russia's conquest of the region brought about the comprehensive modernisation and Europeanisation of the Caucasus. This 19th-century event has become a persistent national trauma for Circassian populations the world over. For this reason, hosting the

⁴ The full text of the Law is available at <http://www.rg.ru/2007/12/05/sochi-dok.html>

Olympics Games in Sochi has inflamed tensions over the “Circassian question” once again, prompting the ethnic and political mobilisation of the Circassian communities, both in Russia domestically and through the global Circassian diaspora communities.

This issue is complicated by current challenges in Russian domestic and foreign policy. The interconnected issues include the persistent strife surrounding the disputed territory in Kabardino-Balkaria and political aspirations of ethnic minorities that feel underrepresented in government in Karachay-Circassia. The issue of Circassian repatriation from Syria has also become especially important as a result of the recent conflict, which has affected Syrian Circassian populations deeply. In addition, the Circassian issue has been exploited by Georgia, which recognised the “genocide of the Circassians” in May 2011.

Sochi and the Russo-Georgian relationship

Sochi borders Abkhazia, a *de facto* breakaway region of Georgia, which is itself a major strategic partner of the United States, the European Union and NATO. Abkhazia’s statehood and national independence have both been recognised by Russia, making the athletic events at Sochi into a major geopolitical issue. The Georgian authorities have called many times for a boycott of the Olympics, drawing comparisons between the Russia of the 2000s and the Soviet Union during its invasion of Afghanistan from 1979 to 1989.

The rise to power of the “Georgian dream” coalition during the parliamentary elections of 2012 has led the new authorities in Tbilisi to propose the normalisation of relations with Moscow, and Georgia’s National Olympic Committee formally supported the country’s participation in the Sochi Olympics. Yet the principal conflicts, such as the status of Abkhazia and South Ossetia and the absence of diplomatic relations, have caused the “Sochi issue” to remain one of the most salient, topical questions on the Russo-Georgian agenda.

Russia-Abkhazia: asymmetric partnership

Today, Abkhazia enjoys its status as an entity protected and supported by Moscow. However, concerns persist within the Abkhaz elite and public about the relationship with Russia, especially the asymmetric nature of the relationship. The Abkhaz leadership and especially its opposition fear the penetration of Russian big business in the republic and possible engagement in property redistribution or oil explorations in the Black Sea. They are also concerned by the return of ethnic Georgian entrepreneurs who currently hold Russian passports.

Russia considers Abkhazia a territory that should be engaged in the preparations for the Olympic Games. This provokes some fear and phobias among those Abkhaz who are concerned about losing the ethnic preferences that were obtained during the 1992–93 war with Georgia. Thus, the Abkhaz leadership is suspicious of the ongoing infrastructure development taking place with Russian assistance. Abkhaz President Alexander Ankvab went so far as to reject the “Cherkessk-Sukhumi” road development project on the basis of questionable “ecological concerns”.

Protection for the Cossacks

As a part of the Krasnodar region, Sochi holds special strategic importance for southern Russia. Its southern border is formed by what is left of Russia's Black Sea coast, and it plays host to Russia's most important ports at Novorossiysk and Tuapse. This region is the third most populous Russian territory, trailing only the Moscow region, with 5.5 million people. Oil and gas pipelines from Azerbaijan and Kazakhstan run out of Novorossiysk, and the Novorossiysk and Tuapse ports rank first and third nationwide in the rate of freight turnover.

The Krasnodar region is affected by considerable internal and external migration. For example, Armenians now compose roughly 30 percent of the total population of Sochi. This has provoked nationalist aspirations on the ground: Russian nationalism mixed with elements of Kuban's Cossacks has become the official ideology of the regional elite. The result has been increasingly nationalist rhetoric, with Alexander Tkachev, the regional governor known for his close ties with the Kremlin, suggesting the construction of a so-called "migration filter" to prevent a repetition of the Kosovo scenario on the primordial "land of the Cossacks".

Thus, the upcoming Sochi Olympics face serious security and ethno-political challenges. Putting on the first Winter Olympic Games in a subtropical climate will require not only high-quality public relations but also creativity in the distribution of substantial financial resources. Without proper attention to the complex ethno-political side of the Games, the Kremlin will not reap the benefits from Sochi that it desires. Russia's return to the major league of international politics will be dictated by the success or failure of resolutions on the set of the complicated issues facing Sochi such as the fight against terrorism and its prevention, interaction with neighbouring states, both the recognised and *de facto* variety, and, of course, the qualitative interpretation of a complex past in pursuit of real unity for a heretofore divided country.

Georgian “economic romanticism” towards conflict resolution and prospects for the post-Olympic period

Mikheil Tokmazishvili

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The “economic romanticism” of Georgian policy

Georgia's whole ideology over the last two decades has been riddled with economic romanticism. The fundamental principle of economic romanticism is endemic state intervention in economic life and a corresponding neglect of the role of free trade, because of a belief that the best and most effective player in the market is the government itself.

However, this ideology does not always take account of the course of events on the ground. It may prevent the emergence of natural processes that could regulate the socio-economic discontent that arises periodically (sometimes with political dimensions) in the regions.

Several differing positions have been taken on the issue of developing economic ties with the “breakaway” territories. These include joint business projects and the opening of transport corridors approved by the Government of Georgia, the removal of economic sanctions, permitting trade if the Georgian customs service has oversight, and so on. Unfortunately, none of these proved successful. Some time after the armed conflict in Abkhazia in 1992–93, an economic blockade of the breakaway republic began,⁵ which continued for just under 12 years.⁶ However, during the blockade, Russia unofficially ended the prohibition on residents of Abkhazia crossing Russia's border, restored freight transportation through the checkpoint on the River Psou, and established cooperation over tourist excursions between Russian regions and Abkhazia. And during the “blockade” Russian businesspeople did not stop investing in Abkhazia's economy.

In practice, Russia ended the economic sanctions step by step. This was followed by a revival in overland trade. Since 2003 goods have been carried between Abkhazia and Russia by the Sukhumi–Sochi train.

These processes prompted the Georgian authorities to find a more moderate and compromising approach. In the 1990s the proposed oil pipeline linking Russia and Turkey through Abkhazia could have ameliorated the conflict in Georgia, but it proved unsuccessful from the start.⁷ In 2004, following the coming to power of the United National Movement (UNM), the Tbilisi authorities expressed a wish to conduct preliminary negotiations with those wishing to invest in Abkhazia's economy, with the intention of participating in projects that would facilitate the integration of Georgia and Abkhazia. However, as expected, this was neither appreciated nor agreed to by the Abkhaz side.

Other attempts by Georgian politicians to resolve the conflict through economic regulation also proved unsuccessful. However, the flow of unsanctioned trade in agricultural and food produce, scrap metal and cigarettes across the administrative boundary between Georgia and Abkhazia did not stop.

⁵ Council of CIS Heads' Decision 'On measures to regulate the conflict in Abkhazia, Georgia' of 19th January 1996.

⁶ Russian MFA announcement of 6th March 2008 on unilateral withdrawal from the Council of CIS Heads' Decision.

⁷ <http://www.vrazvedka.ru/main/analytical/chechny.shtml>

According to some estimates, the value of cigarettes alone crossing the Inguri river to internal districts of Georgia came to more than US\$17 million.⁸ This caused discontent both for the Abkhaz administration and for Tbilisi. It continued until the armed conflict with Russia in 2008.

In connection with the upcoming Sochi Olympics, Abkhazia has begun to play a role in the construction of sporting infrastructure by providing building materials for Olympic facilities. This was a significant factor behind Russia's decision to withdraw unilaterally from the Council of CIS Heads' Decision 'On measures to regulate the conflict in Abkhazia, Georgia' of 19th January 1996.

The resumption of cooperation between Russia and Abkhazia followed an increase in trade with Turkey, and Turkish investment in Abkhazia. Currently, according to official Sukhumi statistics, 60 percent of Abkhazia's import trade and 45 percent of its export trade are with Turkey. Customs revenues now make up a significant proportion (more than 30 percent) of Abkhazia's budget.⁹

Complete separation from Georgia and development of economic relations with the "far abroad" is a reality, which is compounded by the apparent fact that prospects for economic relations between the conflict parties have entered a deep impasse. In this, the geopolitical interests of Russia have played an important role.

Economic romanticism through the prism of smuggling

Preserving economic ties with South Ossetia since immediately following the conflict in the 1990s has turned out to be more sustainable, though economic romanticism has undermined real opportunities for reintegration.

In 1992, following the three-year Georgian-Ossetian war, it seemed there could be no talk of reconciliation. However, a desire to cooperate emerged for mercantile reasons. Ergneti market appeared in the mid-1990s. This was a unique peacebuilding institution, which did not have political approval. Neither side gave official backing for its opening, but it developed with completely liberal economic laws. There was bilateral public consensus for trade and soon it became large scale. Without any state support, Ergneti market became a regional hub as trade created a *sui generis* "free economic zone". Civil society united around the economic benefits and prosperity. Trading partnership was established like the righteous among the nations. And it became a bridge linking the parties. A road was opened in both directions, and trade turnover reached hundreds of millions of dollars.¹⁰

From an economic point of view, Ergneti and the trade at the administrative border of Abkhazia near Zugdidi did not provide revenue to the state budget; and, from a legal point of view, they were considered areas of trade in smuggled produce, or contraband markets. However, under President Shevardnadze, legal formalities were set aside, and priority was given to informal non-state trade. The government closed its eyes to this growing peaceful activity, preferring civil peace and realisation of the economic interests of both sides.

⁸ Ibid. p.158.

⁹ <http://bizzone.info/articles/1302655978.php>

¹⁰ International Alert (2004). *From War Economies to Peace Economies in the South Caucasus*. London: International Alert. pp.135-6.

After President Saakashvili came to power, the new government changed its priorities, preferring to restore state power over its territory. Ergneti market, as a so-called “hotbed of contraband”, was destroyed, thereby inflicting great economic harm on Georgia’s economy. Subjecting such trade to legal state regulation was romanticism, and there was a lack of political will to give the market the status of a free economic zone in the conflict zone. Strict state controls were established at the market.¹¹ Trade gradually began to peter out and collapsed after a while, with the closure of this once briskly trading space. The problem of “smuggling” would have resolved itself if Tbilisi had accepted Moscow’s recommendation for Georgia to enter a single customs space with Russia. However, this would have meant abandoning the policy of moving towards the Euro-Atlantic area, and changed the vector of Georgia’s global politics. Strictly speaking, Georgia has still not officially received such a proposal from Moscow, but nevertheless it is more than obvious that Russia has been trying to do this.

After the market closed, tension in the region began to rise steadily. Trading areas *de facto* regulate conflict and create new ties at household level, while the closure of the market alienated people from each other.

The spontaneous markets, which in practice were basically free economic zones, were not taken seriously, and were effectively disowned by Saakashvili’s government. The only issue taken into account was losses from the lack of tax payments and customs duties. However, the benefits to individuals and the growth in trust between the sides from the trade had been much larger.

From old romanticism to new romanticism

One of the intentions of the new Government of Georgia that came to power in 2012 was to restart trade in Ergneti village as a peacebuilding activity to restore trust between people. However, it is no longer possible to replicate the experience. There are no objective reasons to open a new market. It cannot be created artificially. Meanwhile, border problems following the independence recognitions by Russia make it even less realistic to resolve this issue, as it is connected with tariffs and customs regulation. Georgia will not agree to recognise independence, with its hundreds of thousands of forcibly displaced persons who were expelled from their home settlements. At the same time, it would not even want to entertain the possibility of joining the Eurasian Union. What would be the point of Georgia signing an agreement on free economic trade in light of its agreement with the European Union?

A vicious circle has emerged between possible economic ties and the lack of compromising political dialogue. Attempts to resolve this contradiction today appear to be more than at a dead end. The conflict parties are heading in different directions, and one of the main conflict parties (Russia) has no interest in economic projects in these areas, thus making political regulation of the conflicts more remote.

Since the 2008 events, it is no longer possible to return to the past. Prospects for economic relations between Georgia and the breakaway regions have become even more difficult to predict following the recognition by Russia of their independence.

¹¹ Georgia could not establish customs posts on this territory, as that would be recognising the independence of South Ossetia.

The longed-for future has still not arrived. Restoring the rail link or trade between Russia and Georgia through the territory of South Ossetia remains just a dream, as Russia has shown no interest in it. It appears that the future is being defined through the prism of normalisation of relations between Russia and Georgia. This began with the opening of a market for Georgian goods in Russia, but, as before, Russia is looking at economic relations with Georgia separately from its quite different interests in Abkhazia and South Ossetia.

The cost of the new reality¹²

Following the armed conflict with Georgia, Russia's financial injections into Abkhazia and South Ossetia were scaled up massively. They pass through three channels:

- 1) for socio-economic development;¹³
- 2) to provide pensions for residents of Abkhazia and South Ossetia; and
- 3) the Russian budget has allocated a significant amount for defence.

Under agreement, Russia has a total of about 8,000 soldiers in Abkhazia and South Ossetia. It has been estimated that Russia is spending about US\$900 million a year on defence in the region and providing the necessary infrastructure, including equipping the border. Per capita, Moscow is spending much more on these regions than on the territory of Russia itself. Per capita spending on defence in Russia is about US\$635 per year, while in Abkhazia and South Ossetia it is more than US\$3,300 annually. Russian expenditure on defence in Abkhazia and South Ossetia is higher than the entire budgets of these regions. While military spending in Russia makes up 12.4 percent of the federal budget, in Abkhazia it comes to 182.8 percent of the budget and in South Ossetia 240.5 percent.¹⁴

In comparison, defence spending makes up 8 percent of Georgia's budget. Russia's defence spending per capita is 7.3 times higher than in Georgia. In Abkhazia, it is 22.0 times higher than in Georgia, and in South Ossetia almost 73.7 times higher.

Currently, the wellbeing of Abkhazia and South Ossetia does not depend on their economies. Abkhazia's GDP, according to official statistics, is about US\$750 million. The most optimistic estimate puts South Ossetia's at about US\$100 million. That is, the spending by Russian forces in Abkhazia and South Ossetia is higher than the GDP of these territories.

Russia's federal budget allocates about US\$200 million per year for pension provision to citizens of Abkhazia, who are concurrently citizens of the Russian Federation. In total, Russian state financial flows make up about 55 percent of Abkhazia's budget,¹⁵ as a result of which budget spending per capita and GDP in Abkhazia are almost the same as those of Georgia.

¹² This section was written based on Archvadze, *О некоторых аспектах сравнения экономического и военного потенциалов Грузии и контролируемых Россией его территории (Абхазия, Южная Осетия)* [On some aspects of comparison of the economic and military potential of Georgia and the parts of its territory controlled by Russia]. Available at <http://www.globalresearch.ge/?p=619> (in Georgian).

¹³ In 2009–12 Russia made a grant to these regions of more than US\$1.5 bn.

¹⁴ This calculation used statistics from the Stockholm International Peace Research Institute and population statistics for Abkhazia and South Ossetia.

¹⁵ See APSNYPRESS, 16th July 2013, at <http://apsnypress.info/news/9557.html> (in Russian).

Russia's injection into South Ossetia is larger scale. This "state formation" has practically no economy of its own. Of its "state budget", 92 percent of revenues are made up of assistance from Russia. However, it has tasked itself with increasing internal revenue to 12 percent over the next few years.¹⁶

In 2012–13 Russia allocated about US\$270 million for investment.¹⁷ However, military expenditure is the foundation of Ossetia's economy, thus predetermining the military character of the region.

Excluding the assistance and defence expenditure from Russia, Abkhazia's GDP is about half that of Georgia, while South Ossetia's is about five times less. However, budgetary spending per capita in South Ossetia (including Russian spending) is about 2.5 times higher than in Georgia. As a result, public sector employment is the main source of income for the local population. More than 90 percent of those employed in South Ossetia work in this sector, while 72 percent do in Abkhazia.

Russian injections in these regions are not so much economic as military. This is predetermined by the geopolitical interest of Russia to increase its influence.

Epilogue: prospects after the Olympics

Currently, Russia's military spending in Abkhazia and South Ossetia is justified by ensuring security for the Sochi Winter Olympics. A multi-tiered, bifurcated military infrastructure has been created in these regions, "taking on board" the entire local and regional economy. Because of this, the right of citizens to free movement has been violated, along with civil stability and freedom as a whole and the social status of the people living there.

After the Olympics, the military economy will not be able to drag along the regions' development, and the "Berlin Wall" should lose its meaning in the face of realisation of Georgia's new government's peace-loving policy. Economic integration and future rapprochement of Georgia with the West with a view to Euro-Atlantic integration of institutions could not fail to spark interest on the Abkhaz side in being involved in this orbit, replicating the experience of now prosperous European regions.

Quick, accelerated integration between Abkhazia and the West is possible in the framework of the free trade agreement between Georgia and Europe. This will significantly increase the economic opportunities of Abkhazia to trade with the West, attract Western investment and technologies, and provide for robust growth in its economy and living standards. There are now about 200,000 residents left in Abkhazia (just over a third of the level before the conflict), and they are not fully able to exploit the comparative economic advantage of the region, particularly in agriculture.

Abkhazia has three choices:

- 1) to preserve the current status quo, continuing to be at the "mercy" of the Russian budget;
- 2) over time to lose the formal recognition of independence and become a subject of the Russian Federation; or

¹⁶ See <http://osinform.ru/18254-doxodnaya-baza-byudzheta-yuzhnoj-osetii.html> (in Russian).

¹⁷ See Inga Vorobeva. 'Putin increases financing for South Ossetia', *RBK daily*, 12th May 2012. Available at <http://rbcdaily.ru/politics/562949983811262> (in Russian).

- 3) to restore its economic relationship with Georgia and to move faster with Georgia towards economic growth and prosperity.

It seems that the first option will lose its relevance over time, and Russia will have to directly raise the question of Abkhazia's "voluntary" acceptance of the second option. So, logically, the third option appears to be a good perspective. In this context, a first step may be to create a free industrial zone with a focus on creating enterprises in the processing sector at the administrative borders of Abkhazia. The next could be free trade between Abkhazia and Georgia. It would be worth developing a number of concrete stimulatory measures to interest Abkhazian and Georgian business.

An analogical approach should also be taken to the "non-economic region" of South Ossetia. The geographical position of South Ossetia could facilitate a rebirth of the Transcaucasian transit route by improving Georgian-Russian trading relations. Moscow's hardline policy is leading to an escalation in tension. "Creeping annexation" and installation of barbed-wire fencing at the administrative boundary of South Ossetia is not only increasing tension and negatively affecting Moscow's international authority, but also requires growing military and infrastructural expenditure, making the whole of South Ossetia into a "fortified district". One can safely say that the Kremlin's "independent states of Abkhazia and South Ossetia" project is completely unviable economically. The aims and benefits (not just economic, but also political) for Russia could be achieved much more cheaply and with less tension if it found a common language with Georgia. On the one hand, this would free Russian taxpayers from the unjustifiable burden of supporting states not recognised by almost the entire global community, and, on the other hand, it would facilitate extensive opportunities to implement economic projects in Georgia, including in Abkhazia and South Ossetia. This would be a far better alternative to the current lack of trust and escalation in the region. Confrontation is not beneficial for any side, and there are no alternatives to economic integration at all. Peace projects and mutually beneficial economic relations should be popular.

Today, Russian capital is well established in the region, but with time global economic processes will require multivectoral economic relations and a Western vector for Georgia. Intensive influence from the international community could prove decisive for the introduction of economic ties in the conflict regions. This is a necessary vision for the future, though today in many ways it seems romanticised.

The Sochi Olympics and the Circassian question

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Background on the Circassian question¹⁸

In order to understand why the International Olympic Committee (IOC)'s decision to hold the 2014 Winter Olympics in Sochi has been controversial in relation to the Circassian question, it is necessary to understand some of the historical aspects and episodes from the Caucasian War – a period in the long history of Circassia where tragic events have been intertwined with moments of surprising recovery. Confronting the expansion of the Russian Empire into the northwest Caucasus and seeking to save its people and defend its land served to consolidate Circassian society and accelerate its development. In June 1861, during the most difficult, final stages of the Caucasian War, a decision was taken at a Congress of Elders,¹⁹ to create a union for political and military consolidation, to maintain internal order, and to address political and legal issues affecting the whole Circassian nation. A governing body was created for the union – a Mejlis, or Great Free Assembly. In practice, these decisions meant the creation of a confederal state administered by a permanent collegial authority with both legislative and executive functions. This remarkable event was both a natural result of development within Adygean society, and a response to external threat, which made it necessary to develop and implement a more coherent resistance policy, to prevent conflicting actions and operations by individual sub-ethnic communities.

At this stage, the outskirts of modern-day Sochi became home to the Circassian state capital. The newly formed confederation almost immediately began to engage in international diplomacy, leading to international support from civil society organisations established in solidarity with the peoples of Circassia: the Circassian Committees of Istanbul and London. Thanks to the government's activities, Circassia began to acquire the characteristics of a subject of international law. In September 1861 mountain dwellers expressed their readiness to become Russian subjects, if they would be allowed to remain in their previous places of residence. The Mejlis tried to negotiate with Russian Emperor Aleksandr II, but by that time the Russian government had already finalised its policy and did not intend to cease its military operations and end its harsh measures to conquer the Caucasus. In June 1862 a Russian fleet organised a landing near Sochi and, following a bloody battle, the Mejlis and other buildings were burned down. Two years later, in May 1864, following the Tsar's government's decision to conduct major military operations in the northwest Caucasus, a Russian military parade was held in the Kbaada plain (modern Krasnaya Polyana, known in Abkhaz as Gubaadey) to mark the end of the hundred-year war with the Circassians.

¹⁸ Circassians (Adyge, in their own language) - are an indigenous people of the Caucasus, made up of several ethnic groups inhabiting the vast territory from the northern slopes of the Caucasus to the Central Plains in the West Kuban and Black Sea coast in the South. During the late 19th century, after their defeat in the 100-year war with the Russian Empire, 90-95% of the Circassians were expelled from their land to Ottoman Turkey. Despite the deaths of hundreds of thousands of Circassians in the Caucasian War and during the forced resettlement, millions of Circassians (various sources estimate from 5 to 10.7 million) still live in Turkey and other Middle Eastern countries, representing one of the largest and most organised diaspora to have preserved their language and culture. The number of Circassians living abroad amounts to many times more than the Circassian population remaining in their historical homeland.

¹⁹ Representatives of almost all Adygean sub-ethnic groups took part in this historical gathering, along with Ubykh and representatives of various Abkhazian communities.

Interrupted history...

It can thus be concluded that a major spurt of growth in national consciousness; intensive diplomacy between Circassian sub-ethnic groups, related peoples and the great powers of that period (including the Russian Empire); the development of principles of a confederal union; and finally the creation of a state that from the start had the capacity to resolve political and legal issues at national level were all interrupted at launch. An appropriate psychological analogy would be the fate of an individual who survives a deadly threat but fails to complete an act necessary to preserve his security. This interrupted action, this dissatisfaction caused by unrealised intentions, will always cause psychological trauma, and will be a constant worry, implicitly affecting a person's emotional life and future choices until, at least symbolically, the interrupted action is completed. Drawing an analogy with the processes in the northwest Caucasus at the final stages of the Caucasian War, it can be said that the Imperial war machine did not just halt the action, but actually destroyed the national movement as a whole, at the very peak of consolidation of the forces and soul of a people who stood in mortal danger. Of course, this dramatic event – this historical trauma – could never completely be erased from the national memory and, having been frozen in the Stalinist period and suppressed for decades by Soviet ideology, resurfaced as soon as the Soviet Union gave way to the new Russia. The fact that the war had only been frozen became evident from publications that appeared and public organisations that were created, from Boris Yeltsin's well-known address to the peoples of the Caucasus on the 130th anniversary of the end of the Caucasian War, from the Circassian appeal for the State Duma to recognise the 19th-century Circassian genocide, and so on. Therefore, it was to have been expected that news of the hosting of the 2014 Winter Olympics in Sochi in the 150th anniversary year of the end of the Caucasian War in practice became the starting point for the Circassian question being raised with new vigour at the international level.

Modern voicing of the Circassian question: the spectrum of positions and opinions

It should be said that, despite the poignancy of the questions raised, there is no absolute unity among the Circassian movement, both about the longer-term prospects of the Circassian movement and about the Sochi Olympics in particular. In order to better understand the current broad spectrum of opinion, we turn to several statements made by prominent Circassian figures. Almost all agree on the main issues on the Circassian movement's agenda: recognition of the genocide, unifying all the disparate territories of Circassian sub-ethnic groups in one ethno-territorial unit and returning the Circassian diaspora to its historical homeland. However, they differ over how these proposals are to be implemented. Thus, in the 'Declaration of the Circassian Nation State' developed in 2008 by a group of Circassian organisations, the paragraph on territorial issues states rather starkly: 'Currently divided..., rejecting the boundaries of the so-called Russian Federation, we Circassians recognise only the integrity and indivisibility of the Circassian State'.²⁰ On the other hand, moderate voices can also be heard calling for restoration of the historical cultural territory of the Adyge, highlighting the unreasonableness of emphasising territorial claims to the North Caucasian republics, which would lead to an all-against-all war.²¹ There are also significant differences concerning the approach to genocide, as some Circassian public figures have expressed the opinion that the most important outcome is for the Circassian people themselves, rather than the international community, to

²⁰ <http://circassia.forumieren.de/>

²¹ A. Abregov, Interview with Political News Agency (APN). Available at <http://www.apn.ru/publications/article28417.htm>, 5th November 2013 (in Russian).

recognise the genocide.²² There are also different positions on work with the diaspora – from demands for the return of millions of descendants of the expelled to historical Circassia in the near future, to a focus on developing horizontal ties with the diaspora, taking advantage of the opportunities afforded by modern information technology to create a model of a dispersed nation. Opinions about holding the Winter Olympics in Sochi also vary widely. On the one hand, there have been calls from several members of the foreign Circassian diaspora to the IOC, various states and international organisations to boycott the Sochi Olympics. On the other, representatives of the North Caucasian republics have agreed to participate in the Olympic Opening Ceremony, which, following protests, will include elements of Circassian folk culture. It should also be noted that ‘even radically minded leaders of the Circassian diaspora are not categorically against the Olympics, but in practice are talking about how hosting this sporting forum may lead to more constructive dialogue with Caucasians and local residents’.²³ In this context, it is surprising that the Russian authorities have not come to an accommodation even with the moderate demands of Circassian organisations. Why could the call for recognition of genocide not be countered by an acknowledgement of historical facts and an expression of regret for the cruel measures taken during the Caucasian War and the forced expulsion of the Circassians,²⁴ and the call for boycotting the Sochi Olympics be countered by timely (though not forced) use in the Olympic symbol and at the Olympic ceremonies of Caucasian, and particularly Adygean, national symbols and characters?

The Georgian connection – a game on several fronts

It is hard to argue with the claim that Russia’s traditional opponents have used the controversy between Moscow and the Circassian movement to destabilise the Caucasus and support centrifugal forces.²⁵ While it is beyond the scope of this paper to consider the roles of external factors separately, nevertheless we believe it necessary to reflect in brief on the Georgian connection with the Circassian issue in the Sochi Olympic context.

Several political scientists believe that, following the 2008 war, when from a Georgian perspective the country’s Western friends did not prove to be staunch allies, Saakashvili’s Georgia decided to position itself as a regional actor, unexpectedly recalling its Caucasian identity and the value of fraternal relations with neighbouring republics. Drawing attention to the North Caucasus, and in the context of its shattered ties with Russia, Georgia began to develop diplomatic relations with Russian subjects, in particular the North Caucasian republican parliaments. The Georgian authorities were trying to do several things at once: responding to Russia in symmetric fashion following the recognition of South Ossetia and Abkhazia; support separatist movements and anti-Russian sentiment; sow discord in the relationship between Abkhazia and the North Caucasian republics; and pave the way for the creation in Tbilisi of an all-Caucasian centre of gravity that would affirm its role as a regional leader.²⁶ There was a particular place in this context for contact with the Circassian world. The culmination of the policy was the recognition in 2011 by the Georgian parliament of the Circassian genocide.

²² A. Beshto, Interview with Political News Agency (APN). Available at <http://www.apn.ru/publications/article28417.htm>, 5th November 2013 [in Russian].

²³ From interview with Ibragim Yaganov. Available at <http://hekupsa.com/mnenie/konferentsiya/1810-of-lajn-konferentsiya-s-ibragimom-yaganovym-21-10-2013>

²⁴ Podrabinek

²⁵ This theme is fully covered and analysed in G.N. Kolbaya’s 2013 seminal work *Сочинская Олимпиада в глобальной политике* [The Sochi Olympics in Global Politics], Moscow.

²⁶ Sufyan Zhemukhov. *Грузия разыгрывает черкесскую карту* [Georgia Plays the Circassian Card], *Open Democracy*, 13th November 2010.

In Abkhazia, Georgia's proactive policy on Circassian issues was viewed with great concern. The Abkhaz were very worried that their North Caucasian brothers could be taken in by the dangerous initiative of their southern neighbour. From the Abkhaz perspective, Georgia's foreign policy orientation towards the North Caucasus was not based on a sincere desire for friendly relations with the peoples living at its borders, but on the hope that the Circassian card would prove decisive in their game against Russia.

However, despite the importance of taking into account the influence of external forces on any conflict situation, it should be highlighted that no external influence could have an effect if there was no problem on the ground. An underestimation and a lack of profound analysis of the internal reasons for conflict resulted in missed opportunities to react in a timely fashion to internal challenges and prevent a situation developing of which unfriendly external elements could take advantage.

The omissions and errors of the Russian centre: the Sochi Olympics as a reflection of problems in Russian governance

The lack of preparedness for the position taken by Circassian organisations in response to the decision to hold the 2014 Olympics in Sochi raises a whole series of questions for the Russian authorities. Why was the quite predictable reaction of the Circassians such a surprise? Why were flare-ups in the Circassian diaspora ignored for so long? Why did Russia not pay enough attention to the complex dynamics of public attitudes and concerns among different population groups, particularly ethnic groups? Why did Russia react with such unwillingness and inertia to the emerging complications to the governance system supporting to the country's most important project of recent decades? Why was the obvious need for in-depth dialogue within society, which required the participation of both central government representatives and Circassian organisations, ignored? If a situation analysis had been conducted jointly with regional experts and public figures to forecast challenges and reveal opportunities in advance of deciding to bid to host the Olympics in Sochi, it could have been possible to engage representatives of Circassian society in dignified discussions at an early stage and fundamentally change the context.

Did Circassian organisations have an alternative?

Who was the winner from the hardline resistance to the Sochi Olympics? The plainly anti-Russian tone of the international campaign undoubtedly gave Russia a serious headache. However, there is no simple answer to the question of who won. It would be difficult to say that the Circassian movement won. In my opinion, conducting a loud anti-Sochi campaign instead of trying to resolve current issues on the broad agenda of the Circassian movement has led to great concern that the Circassian movement (primarily its foreign actors) has positioned itself as an enemy to the Russian state. Use of an "all or nothing" approach has made it more difficult to address issues that could have been resolved almost painlessly in cooperation with the Russian authorities. Are those authoritative figures in Kabardia and other North Caucasian republics correct when they say it is easy for people living outside Russia to dictate rules to those who are not residing in virtual forums but with their everyday labour and steadfastness promoting the idea of recreating Circassian unity, a political and ideological task so difficult in the modern-day Caucasus. The Russian-Georgian and the Circassian-Abkhaz relationships were not winners either. The Olympic movement itself is not a winner, as threats and hostile statements mar the days leading up to the Olympics. In this context, how reasonable was the

position of the Circassian diaspora organisations that categorically demanded an Olympic boycott? Did Circassian organisations have any alternatives? For example, not to boycott the Olympics, but to form a united Circassian team and campaign for the right to appear under the Olympic flag, basing the demand on their special ties with the land on which the 2014 Games are to be held, and to attempt to gather as many international votes as possible to support this position. Maybe a demand set out in a positive way – not to boycott, but on the contrary to develop and improve the rules and widen participation – would have found more understanding and attracted more support around the world, and may have created conditions for the Circassian question to be heard again.

In sum, what has been the result? Did the campaign help to consolidate Circassian communities living in different entities within the Russian Federation and in foreign states? No. Furthermore, one of the results was a measure of division and disassociation within Circassian society. In short, complications have arisen because of the not always rational activities of several foreign Circassian organisations. The passivity of the North Caucasian public also played a negative role. If we consider the opposing sides in this conflict to be the Circassian diaspora organisations and Russia's central authorities, the North Caucasian public could have played a more active positive role but chose not to.

Post-Olympic prospects

Though the USSR ended more than 20 years ago, Russia is still searching for its new identity. Judging from today's territorial restructuring, Russia's authorities are trying to end the model of a union of republics. However, it is still not clear what model Russian society wants – strengthening the quasi-corporate state, creating a multi-ethnic civic nation, or some third model. In this context, the relationship between Russia's centre and the North Caucasus (and in particular between Moscow and the Circassian people) is one of the cornerstone problems in the development of the Russian state.

An important issue affecting future modernisation of Russia is which modern challenges the Russian administration believes threaten the country's interests most. In the North Caucasus, for many reasons, these are ideology and underground radical Islam. In practice, national movements that do not see their future in Islam, which dissolves all ethnicity within itself, are a real alternative to this. In this connection, irrespective of the extent to which ethnically oriented organisations may annoy the centre, they can and should become allies in the real struggle for stability in the Caucasus. Complication of the Circassian question in Russia is a result of mistakes, passivity and underestimation in the long-term forecasting by Russian and Adygean political elites. The events in Chechnya, whose separatism the Kremlin fought so violently and brutally at the turn of the 20th and 21st centuries, showed how quickly (in historical terms) foreign powers can replace a national struggle with radical Islam. If you do not accept and try to understand the ethno-national vector in Caucasian public attitudes, the Dagestani scenario of widespread penetration and strengthening of Salafism could become more likely in other republics as well.

In the light of the current realities, we believe that all the peoples of the North Caucasus have a profound interest in remaining in a common space, as the layers of conflicts with roots in a distant past – first from the time of the Caucasian War and related expulsions and displacement; second from the heyday of social internationalism, which led to the whole Caucasus being reshaped; and, third, originating in during and after perestroika, when territorial disputes flared up again with new force, and the Chechen war thundered – would inevitably lead to bloody conflict between neighbouring Caucasian peoples. On the other hand, all the current trends – the growth in anti-

Caucasian feeling in central Russia and anti-Kremlin feeling on the Caucasian border – indicate that today's situation cannot satisfy either the authorities or the public. The only solution we see in this context is that all interested parties start searching for a suitable model to reform Russia's state system into one that would meet the demands of the centre and the republics, and bring development and stability to individual republics and the country as a whole. It may be necessary to reconsider the pros and cons of the currently unfashionable principle of federalism. It may be useful to also consider elements of confederation, as well as the newly appearing trend in international economics of *glocalisation*.²⁷ Clearly, managing such a search effectively will require great creativity, extensive knowledge, deep mutual respect and faith in the feasibility of a new stable and equitable order in the vast Eurasian Russian space.

²⁷ E.M Travina (2007). *Этнокультурные и конфессиональные конфликты в современном мире* [Ethno-cultural and confessional conflicts in the modern world]. St Petersburg University.

The Olympic syndrome: public expectations and challenges for the North Caucasian elites

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The Olympics in southern Russia are considered the most important event in the history of the region. They are also seen as a milestone, after which it will be possible to change state policy in the region, given that the current political and economic model, which was developed between 2000 and 2008, has run its course. This model – of paternalism towards the electorate, nationalisation of the economy and micro-management by state institutions – has been recognised as having outlived its usefulness at the higher echelons of power, at least by certain groups. But the problem is that any major change will, by its nature, affect the interests not only of powerful clans, but also of the bulk of the population. The social basis of the established order will face serious challenges. Therefore, three groups (the population, the federal centre and regional elites) are living in tense expectation. These expectations, and their intensiveness, fundamentally differ from each other.

Federal centre: the end of appeasement?

The federal centre's policy towards the North Caucasus is currently weak and not always clear. Interethnic and inter-religious clashes are being added to the mosaic, highlighting that society is critically split. The federal centre has no defined, precise and clear political line concerning the North Caucasus, or specific entities in the North Caucasus. However, most are agreed on certain issues. The Olympics require calm, and the federal authorities are ready to do whatever it takes to ensure this calm. In the southern Russian context, this means a large cash infusion. Second, the legitimacy of today's authorities in the eyes of society to a certain extent depends on "pacification of the Caucasus". This also requires support, and this support has been bought. However, the Olympics are a one-off event and society's position towards "pacification" at such a price has changed. Therefore, Moscow's position will change as well. This can be inferred from economic data and the authorities' actions.

According to Russia's Federal State Statistical Service, GDP growth fell to 3.4 percent in 2012 from 4.3 percent in 2011.²⁸ This year the government expects a further fall to 1.8 percent. This will lead to changes to the current economic model. Subsidies for Russia's southern republics are not attractive for investors, and so the public sector (including investment guaranteed by the state) is the only functioning part of the economy. However, faltering economic growth is leading to decreasing federal budgetary spending. In the south, this will typically occur in the post-Olympic period. Thus, for 2014 the largest federal subsidy has not been allocated to Dagestan, the "leader" in recent years (which will receive a total of 43 billion roubles in 2014), but to Yakutia. In general, the total amount of assistance to all regions from the federal budget is falling: in 2014 transfers will be 6 percent smaller than in 2013, while in 2013 they fell by 8 percent.²⁹ This will be extremely painful for the republics. The regional authorities are particularly concerned that the reduction in assistance will be coupled with a growth in social obligations to the population and falling revenue. This will lead to an increase in the proportion of the budget spent on social obligations, and thus reduce administrative rent for officials.

²⁸ Russian State Statistical Service, Сборник материалов Росстата [Collection of Russian State Statistical Service Materials], Moscow, 2013, p.14.

²⁹ Vesti-24 television channel, Экономика [Economics], 27th September 2013.

It thus follows that rent will only reach some officials, rather than the majority as before, leading to tension within the bureaucratic system. The regional elite will also be hit by the planned limitation from 2014 in subsidies to maintain regional administrations. In the republics, this will lead to either a reduction in the number of officials or a decrease in their salaries. For example, on average, there are 1.8 state officials per 1,000 residents in Russia, while in Chechnya the figure is 3.5.³⁰ On the ground, such activities are seen as the end of the policy of “loyalty for cash”.

Another factor behind the change in policy was total corruption in the civil service (not just in the Caucasus). This has forced the government, in the worsening socio-economic climate, to begin (or be seen to begin) an anti-corruption campaign. However, the anti-corruption campaign selected will primarily affect the economy of the south of the country, which is largely “grey” (that is, not operating within the law). For example, in Dagestan, even according to official statistics, almost half of citizens work in the informal sector (the distinctive feature of which is that persons are recorded as unemployed, do not pay taxes and are paid cash-in-hand). The closed nature of the republic’s markets, the lack of transparency of its fiscal system and the “special conditions for doing business” in any such region are highlighted by all foreign investors. In addition, this struggle also affects the elite’s interests. Also, in central Russia, persons from the Caucasus control economic sectors that are connected to handling cash (such as trade and storehouses) and the fight against cash-in-hand will inevitably impact on the Caucasus.

At a time when policy is changing, the old policy will not secure the necessary results. Moscow is seeking great loyalty for small investment. Criminal proceedings against local elites are also working to this end (such as the military operation to detain Makhachkala’s mayor and the arrests of officials in Kabardino-Balkaria). The local population fully supports these measures, as national elites’ resources to influence are reducing (because of decreasing financial opportunities, all-out nepotism, and diminishing prospects for social mobility). Everyone is anticipating this policy intensifying next year, thus strengthening the Olympic syndrome.

However, we should emphasise, the federal centre has no clear position on this. Some of those in power would like to preserve the current “rules of the game”. Therefore, the lack of a clear position from the authorities, as well as demands from the population, have led to already non-marginal representatives of the elite talking about separation of the Muslim regions of the North Caucasus. Zhirinovskiy, who often voices the thoughts of the Kremlin, has made very radical proposals. He has suggested limiting fertility in the North Caucasus, imposing sanctions on the birth of a third child and, in practice, limiting the freedom of movement of the region’s residents in the country, if necessary by “surrounding the Caucasus’ territory with barbed wire”.

The lack of a clear position is a manifestation of the “Olympic” syndrome: the legitimacy of today’s authorities is largely dependent on the “pacification” of Caucasian rebels. The new policy will be opposed and the results cannot be predetermined.

³⁰ Kommersant, Губернаторская доля вычислена до рубля [The Governor’s share is calculated to the rouble], Kommersant 198 of 29th October 2013.

Regional elites: demands to preserve the status quo

Today the regions' political and economic conditions do not seem critical from a short-term perspective. However, falling political support for regional authorities from both the federal authorities and the electorate, along with stuttering economic growth, is leading to a change in the elite's predictions of long-term developments, and their own optimal strategies. While continuing to be loyal to the current authorities, they now see this more as a tactical choice to extract the maximum possible benefit. They are demanding that their privileges stay in place and the status quo is maintained. However, this reduction in the regional authorities' loyalty to the state structures is undermining the effectiveness of local government: it is becoming more difficult for the federal authorities to achieve their aims. They are required to spend more on both buying loyalty and suppressing discontent, and receiving noticeably smaller returns.

Regional authorities are tracking all the changes and reacting to them. Opposition is already beginning to the possible change of course: we can observe tests of strength that are most apparent in the field of symbols. "Wars of memory" regularly flare up, as can be seen when looking at monuments. The Monument to Yermolov (considered the conqueror of the Caucasus, and who used extremely cruel methods of war) in Stavropol has been sharply criticised in the republics, with representations made by officials and public figures in the ethnic republics. There was a very similar reaction to a monument in Chechnya dedicated to Chechen women who killed Russian soldiers. But these "wars of memory" also spill over into life today.

Karimov, the head of Chechnya, leads the regional opposition and his reaction was predictably harsh. Where previously he reacted on Instagram, now there are official statements. Abdulatipov, the head of Dagestan, is already following his example. The struggle to maintain the current system will be tough because these people are not prepared to work another way.

Local elites will oppose any change to the status quo. It is likely that the "best export of the North Caucasus" will once again be instability. Exporting instability has been well developed in the relationship between the federal centre and the East Caucasian republics: the more difficult the situation, the more subsidies and subventions appear. This is not just about symbolic action but also real terrorist acts (such as Volgograd). New ways to confront the Russian state are also being perfected, such as in cyberspace.

For local elites, tension is rising and becoming a real Olympic syndrome. That is, the Olympics themselves are becoming, in their understanding, the key event. On the one hand, the activities of the federal authorities are leading to a fall in the number of people controlling financial flows. They are losing their status rent and their position has been shaken: certain figures have already become subject to criminal prosecution, and their fear of "tightening of the screws" is already becoming a reality. On the other hand, local people are expressing their discontent ever more frequently. That is, the regional elite's authority is reducing, and this is a steady trend. Therefore, Olympic syndrome may lead to a hardening of the positions of the regional elite.

Public syndrome: the Olympics as a catalyst of opposition

The growth in xenophobia has to be mentioned. In Russia, particularly in Moscow and St Petersburg, xenophobia has become a universal tendency. The main challenge in this area today is the “dividing line between the largest cities of Russia’s centre and the North Caucasus”. This is confirmed by social surveys that indicate, for example, that 30 percent of respondents believe that South Ossetia and Abkhazia are part of Russia, while regions such as Dagestan and Chechnya, in the understanding of more than half the respondents, are not Russia. Dagestanis, Chechens and Ingush are considered to be “ours” (in mentality and as co-citizens) by just 7 percent of Russia’s citizens.³¹ This trend is clear, and over time is growing. Residents of Stavropol give even more extreme answers: more than 80 percent of respondents support limiting migration from the North Caucasus.³² As those coming from the Caucasus are no longer seen as co-citizens, a third of respondents to the Levada sociological centre survey supported the idea that Caucasians should not be allowed into Russia.

This is a consequence of the fact that the typical Chechen or Dagestani, because of the particular socio-economic situation in the Caucasus in modern Russia, is used to resolving all issues informally, bypassing state institutions. This policy is leading to a growth in contradictions. When domestic, economic or criminal conflicts occur between Russians and Caucasians, the Caucasian often is relatively more effective, because the ineffective state cannot resolve the conflict using the legislation in force. Therefore, ethnic Russians feel discriminated against, and that is why members of the majority are protesting in Russia. The difference between the conflict parties is in fact socio-economic, but conflicts are very quickly labelled as ethnic, as both sides can use ethnic conflict to mobilise support: this is a good political asset that can be used in the short term.

Xenophobia is also exploited by the authorities, whose rhetoric encourages such feelings among the population. Today, the federal authorities are counting on re-traditionalising the electoral majority, by propagandising the “fundamental role” of the Russian ethnos and the Orthodox Church, while also searching for enemies, both internal and external. But, as Americans and Europeans are far away, Russian patriots are intensifying their hatred towards nearby “others”, particularly Caucasians. Therefore, in the deepening economic and social crisis, tension is bound to rise.

One of the responses to increased xenophobia, worsening economic conditions, the lack of social mobility and the outflow of active members of the population has been growing Islamisation in the regions. This does not mean so much radical Islam as political Islam, though the boundary between these is hard to find. The prohibition on the sale of alcohol in Chechnya and Ingushetia; constant explosions at “haram” shops in Dagestan; and demonstrative wearing of Arab (Muslim) clothes are all political Islam. Faltering economic growth pushes disparities to the centre of public attention. Here Islam, for which justice is central, is successfully competing against other projects. This is strengthening the “frontier” (between two civilisations), and the three East Caucasian republics are becoming more and more part of the Greater Near East, and not Russia.

The consequence of the failure of the policy to pacify the Caucasus is not just Islamisation, but also the growth in competition between three political projects: the Russian, the Islamic and the Georgian

³¹ Russian Public Opinion Research Centre (VTsIOM), *Современная российская идентичность: измерения, вызовы, ответы* [Contemporary Russian Identity: monitoring, challenges and answers], Report commissioned by Valdai Club.

³² I Dulaev, *Отношение к миграции и мигрантам в Ставропольском крае и РСО-А* [Attitudes to Migration and Migrants in Stavropol Kray and North Ossetia]. Vladikavkaz, 2013, p.74.

(European). The number of people visiting Georgia is increasing. Conspicuous Europeanisation is appealing to residents of southern Russia, though most of them see Georgia as tourists, and do not engage with Georgians' day to day concerns.

All the ethnic groups are awaiting changes after the Olympics, but these expectations are often diametrically opposed. However, on one issue they are all united: society is demanding a strengthened role for the state and that the state fulfils its functions. Everyone is waiting for transition, but there is also fear about this transition. Stability continues to be important for the public, and they are seeking this from Moscow.

Prognoses and recommendations

These actors will affect the situation after the Olympics. But it is difficult to predict how they will interact. In an environment where there are no stable rules of the game, and the activities of institutions are largely predetermined by the political situation, any resonating event, whether an important appointment for high public office or "non-standard" election results, generates strongly diverging views and expectations.

The "Russian" Caucasus expects a strengthening of the role of the state, and attempts at further "division from the highlanders". Rejection of "Olympic policy" will increase segregation, for example, in Stavropol where *de facto* there are discos for Slavs where the *lezginika* is forbidden, and discos for highlanders. For central Caucasian societies, expectations are ambiguous: strengthening the role of the state as part of a desire to dismantle the quasi-feudal domain, and fear of the growing role of political Islam. For the East Caucasian republics, the fear is of "tightening of the screws". The population is waiting for Moscow to take a more active position and return to the status of arbiter. There are expectations that the centre will facilitate the modernisation of society, and prevent public life from becoming archaic. The Russian political project remains the most attractive for local people, and everyone is hoping that the federal centre maintains stability and becomes more responsive to the needs of society. Elites everywhere fear changes to budgetary flows and changes in their status. "Federalists" who are not satisfied with the outcomes of the "money for loyalty" policy are at a crossroads. On the one hand, they will try to tighten control, particularly in relation to local authorities (which the electorate will like), but, on the other hand, there will also be attempts to use soft power.

When it comes to recommendations, these are to develop human ties. The development of regional economic relations is important, even if they still partly remain in the "grey zone", not fully complying with legislation. Perhaps a conversation should be held about cooperation between "third sector" structures. Cooperation between academic organisations is also important.

Expectations and fears within Abkhaz society in relation to the Sochi Olympics

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The forthcoming Sochi Olympics, without question, are of major importance for Russia and her international standing, as well as being an extremely politicised regional event. Against the backdrop of high-profile political controversies surrounding the Olympics, inspired by the re-emergence of the Circassian issue and the policies of the previous Georgian government, and amid the enthusiasm and hopes of Russia's leadership about the Games, they have not featured prominently in public discourse in Abkhazia, just a few kilometres from Olympic Sochi. A survey of the expert and political community in Abkhazia has helped the author to gain a more complete picture of how the Olympic Games next door are viewed by Abkhaz society as well as their related expectations, and possibly fears.

The Olympics and the Circassian question

Overall, in Abkhazia, the Olympics are seen as an important and prestigious event for Abkhazia's strategic ally, and were initially received positively. However, quite soon they were overshadowed by fierce virtual arguments around certain historical issues, and the so-called "Circassian question" came to the fore. Some local observers believe that the Abkhaz should not have become embroiled in the disputes raised by certain Circassian organisations, as from the start the Abkhaz position would be doomed to be disadvantageous. All those involved in polemics – various groups in Russia and the Circassian world – have politicised the issue to the maximum: one side either denies that the events took place or justifies them with new interpretations; while the other side has blatantly politicised history for current political advantage.

The difficulty of the Abkhaz position in this debate, which is polemical to the point of radicalism, is that it is important for the Abkhaz to objectively evaluate historical events that had a direct bearing on them, while maintaining a fraternal relationship with both Circassians and the Russian Federation, as their strategic ally. In this context, the Caucasus, in particular Abkhazia, expected a fairer assessment of the 19th-century events from the Russian political elite, which could have made the discussion more constructive, but this has not happened.

In general in Abkhazia, radical calls for an Olympic boycott by several Circassian organisations have not found support, apart from a small number of mostly young internet users. However, a larger number have expressed hopes that the Caucasus and its indigenous culture will be presented at the Olympics in a dignified manner. The lack of information about any such plans is causing concern in the politicised environment. If this theme is not heard at the opening ceremony, or if it is mishandled, this will be a blow against moderate Circassians and Abkhaz, and play into the hands of more radical elements. However, if the issue is handled well, it could presage calmer and more balanced talk not only about historical events, but also about present-day problems in the North Caucasus.

Olympic hopes and disappointments

In Abkhazia, discussions about the Olympics and the “Circassian question” peaked about a year ago. Today, any talk in Abkhazia about the Olympics is usually discussing practical issues to do with the restrictions being put in place on crossing the Abkhaz-Russian border.

So why is there such a low level of interest within Abkhaz society about such a major international event being held in such close proximity?

When the decision to hold the Olympic Games in Sochi was first made, the prospect of economic opportunities for Abkhazia were actively discussed, such as provision of building materials, construction of housing near the border for Olympic construction workers, the opening up of transport links (primarily the Sukhum Airport), opening access for Olympic guests to Abkhaz tourist sites, and so on. However, with the exception of delivering a small quantity of building materials, these hopes have not been realised, with a resulting gradual decline in interest in the Olympics themselves.

There are several reasons why Abkhazia has played almost no role in the organisation of the Olympics. For example, there are political reasons for not opening the Sukhum airport, most likely related to Russia not wanting to irritate the international community who were not supporting both Georgian and Circassian calls to boycott the Olympics. Then at a certain point, the Ivanishvili’s statement that Georgia intends not only *not* to boycott the Olympics but also to actively cooperate with Russia on security around the Games has been seen as an important step in re-establishing Russian-Georgian relations, and therefore precluding any such openings in Abkhazia’s favour.³³

In addition to political barriers to opening Sukhum Airport, there are also economic considerations on the part of Russian companies to be taken into account, as well as their interest in keeping transport communications within Russian territory during the Games.

However, the most important issue affecting decision-making on the Olympics is security. Russia’s worries about the situation in the North Caucasus and the echoes of threats made by Georgia’s former administration are certainly a large part of the reason why neither the airport nor tourist sites in Abkhazia will be used during the Olympics, and security at the Abkhaz-Russian border will be tightened up substantially. Russia has an interest in ensuring stable security conditions in border regions during the run-up to the Olympics and wants to preclude any chance that extremist groups could use Abkhazia as a transit territory to commit terrorist attacks during the Games. The discovery of an arms cache allegedly belonging to members of radical Islamist groups in spring 2012 and the murder of a Russian diplomat in 2013 have made tightening security in Abkhazia extremely important. Closer cooperation between the Russian special services and Abkhaz law-enforcement bodies is already reaping a positive effect. Several major crimes have been solved, including attempts on the life of Abkhazia’s president and the high-profile murders of a Russian diplomat and a Russian

³³ But the looming possible decisions at the November Vilnius Summit somewhat overshadow the Olympic theme in terms of their importance for Russian-Georgian relations. Certain steps on the part of Russia (the choice of the pilot Nechaev, who fought in the August 2008 war, as a torchbearer led to protests in Georgia, as well as the overly harsh reports about Abkhazia in the Russian media in relation to the murdered Russian diplomat before the full facts were established) can likely be seen as signals – warnings or encouragement to Georgia in connection with the upcoming Vilnius Summit, when Georgia is expected to initial a European Association Agreement.

businessman and his girlfriend, as well as the above-mentioned discovery of the arms cache. Such cooperation will clearly improve the security situation in upcoming months.

There are other reasons why economic projects related to Olympic construction were not implemented in Abkhazia. Two million tonnes of gravel have reportedly been taken from Abkhazia to Sochi in the past few years, though specialists believe that ten times as much could have been supplied without a negative impact on the environment. High competition between Russian suppliers and probable corruption in procurement led to much higher expenditure on gravel and sand, with the cost of transporting the materials about 700 m in Russia almost the same as 100 km in Abkhazia. From the Abkhaz perspective, one positive outcome was that at least the insignificant Abkhaz contribution of construction materials allayed the concerns of those who had worried about the possible negative environmental impact of intensive quarrying in Abkhazia.

Finally, the lack of enthusiasm for the Olympics in Abkhazia is also related to the fact that the Abkhaz traditionally take part in summer sports. Abkhazia's champions and prizewinners in international competitions, including the Olympics, have been in summer sports. Therefore, unfortunately, there is little excitement in anticipating the Winter Olympics.

The effect of the “Olympic factor” on the internal situation in Abkhazia

Despite the fact that the Olympics have not made a significant impression on the social and political discourse in Abkhazia, the Olympics will undoubtedly have a latent effect on internal political processes. In the last couple of years Abkhazia has experienced several internal political crises. The provision of Abkhaz passports to residents of Gal district (Megrels) was at the centre of the latest of these crises, though the true cause of the crisis was internal political struggle for power. Discontent has been brewing for a long time in Abkhazia about the emerging system of centralised government. Under the current administration, almost all decision-making power is concentrated in the hands of the president. However, the immaturity of democratic political culture, which is dominated by a populist beginning and a desire to just change the elite rather than make real democratic reforms, has led some opposition groups to choose the most “advantageous” issues from a populist point of view to mobilise the populace. One of the issues chosen was that of passport issue in Gal district, which is already complicated enough, even without additional politicisation, and for which there are no simple solutions.³⁴

All political groups in Abkhazia are cognisant of the fact that the Olympics are a matter of prestige for Russia, and that Russia has an interest in stability in neighbouring Abkhazia. This is possibly why the opposition decided to make a move against the president a year in advance, at the beginning of 2013, counting on having a new government in power by the beginning of the Olympics. However, the attempt to bring down the government failed. They did not manage to provoke a mass mobilisation of society in September 2013 either, when the findings of the commission on issuing of Abkhaz passports were being discussed.

With the Olympic Games approaching, the opposition now must take a wait-and-see approach, not taking any decisive steps, but not relaxing the tension in society. Playing too serious a game, such as

³⁴ Since the first openly contested elections in 2004, more often than not, the “Georgian card” is played in the competition for votes.

bringing people out on to the streets, would cause irritation in Russia. From the other side, this may have been a consideration of President Ankvab when he dismissed the symbolic figure on the Abkhaz political scene – Security Council Secretary Stanislav Lakoba – with whom he had already broken off working relations in April 2013 after another dispute over the Georgian question. It was clear that Lakoba's dismissal would resonate, and it did. But he may have calculated that during the pre-Olympic period the opposition would not respond with extreme measures.

Furthermore, in light of the reasons stated above, the timing of court hearings regarding the attempt on the life of the president of Abkhazia, which could also have had the potential to provoke unrest among certain groups in society, does also not appear to have been a matter of chance.

So, while political passions are boiling over in Abkhazia today, it is likely that the turbulent status quo will continue until the end of March 2014. The opposition will use this period to regroup, and develop new alliances and tandems. The Abkhaz electorate is unlikely to be surprised if yesterday's implacable opponents become tomorrow's close associates.

Meanwhile, the president, faced with a serious opponent in Lakoba, will have to show remarkable ingenuity to avoid confrontation and make proposals that will lead the way out of crisis.

Findings

Summarising the views of respondents, the following positive points about the Olympics can be noted:

- 1) Guaranteed stability in maintaining the internal political balance; strengthening of security and minimisation of external threats to Abkhazia (strengthening of borders); reduction in the likelihood of use of Abkhazia by external extremist groups, and effective cooperation between Abkhaz and Russian law-enforcement agencies to solve high-profile crimes; continuing socio-economic assistance to Abkhazia, and so on.
- 2) Increased international attention to the Caucasus region as a whole and in particular to Abkhazia, on the border with Olympic Sochi.
- 3) Access to developed economic, (winter) tourist, transport and communication infrastructure in the regional vicinity.³⁵

The negatives of the Olympics, as outlined by respondents, included the unconstructive nature of discussions of the "Circassian question" (disputes around Circassian and Abkhaz national projects revealed some disagreement); limitations on crossing the border for private citizens and on importation of goods for private entrepreneurs during the Olympics; and rising prices. Respondents do not believe, however, that these limitations could negatively affect the public attitude to Russia, as they are temporary measures.

³⁵ Respondents do not believe that Abkhazia's competitiveness when compared to the more developed resort of Sochi will diminish, as Abkhazia currently mainly offers services for summer tourism. In addition, Olympic construction and development of transport communications has affected the environmental situation and the landscape in Sochi's summer tourist zones, making Abkhazia relatively more attractive. The issue for Abkhazia is more likely to be the need to raise the quality of service.

Conclusion, or life after the Olympics

Not one of the respondents believes that the suggestion of several external analysts – that Russia will forget Abkhazia after the Olympics – has any merit. Respondents questioned consider that Russia's support for Abkhazia is a longer-term policy with longer-term aims that go beyond the framework of requirements connected to the Olympics. But at the same time the statements of Russian politicians that Russia's economic support to Abkhazia will shift towards investment may be a polite way of explaining a reduction in Russian financial assistance in future. In any case, such investment will require harmonisation of the laws of the two states. In addition, the issue of legislation prohibiting the acquisition of property in Abkhazia by non-citizens will come up. This issue has the potential to cause just as fierce a dispute in Abkhaz society as that of issuing passports to residents of Gal district (Megrels), and the intention to introduce the relevant changes to legislation in this regard have already been raised by President Ankvab in an interview with a Russian publication. Another thorny issue will be the question of reopening the railway through Abkhazia, an issue in which both Armenia and Russia have a particular interest. In any case, the spring of 2014 promises to be tense.

The Sochi Olympics: opportunity or a threat for Georgian-Russian relations?

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Sochi in the winter

On 4th July 2007 at the Guatemala International Olympic Committee (IOC) session, Sochi was chosen to be the host city of the 2014 Winter Olympics. Russian President Vladimir Putin went in person to Guatemala, and presented Sochi's bid to the IOC delegates. By virtue of his presence, he bound himself both to a positive decision by the IOC and to the Sochi Olympics themselves. Despite the fact that in 2008 – the very next year – Putin had to lay down his presidential powers, it was no secret that by the time of the Sochi Olympics he would once again be in the position of president of the Russian Federation and prepared to bask in the glory of being the chief inspiration behind and organiser of the highly prestigious event. In a BBC interview, Dmitriy Chernyshenko, Head of the Sochi 2014 Organising Committee, stated that the goal was to organise the most outstanding, the most unforgettable and the most spectacular Games in the history of the Olympic movement.³⁶

The Olympic Games in Sochi in February 2014 are without a doubt destined to become unique in their own way for a number of reasons:

- 1) They will be the first Winter Olympics to be held in the sub-tropics;
- 2) Long before the beginning of the Sochi Olympics, it became clear that they would be the most expensive Olympics in history, including the much larger (and therefore more costly) Summer Games;
- 3) The Olympics will take place in the immediate vicinity of the troubled North Caucasus republics, and therefore security issues will be particularly significant;
- 4) Some Olympic events are to be held in locations where tragic events took place during Russia's conquest of the Caucasus (the Russian-Caucasian War that lasted for half of the 19th century), thus increasing the risks associated with the security of the Games;
- 5) The Olympics are not being held in one of the internal regions of Russia, but near a disputed border, which Russia considers to be its border with Abkhazia, which it recognises as an independent state, but which Georgia (and the overwhelming majority of countries in the world) sees as the interstate boundary between the Russian Federation and Georgia.

There is no doubt that the "Georgian question" is part of the wide and diverse Olympic context something which is acknowledged by Russian experts, too.³⁷ Therefore, it is specifically the Georgian-Russian relationship through the prism of the Sochi Olympics that will form the basis of this paper.

³⁶ http://www.bbc.co.uk/russian/sport/2011/12/111220_sochi2014_chernyshenko_interview.shtml

³⁷ See, for example, Sergey Markedonov. *Сочи-2014: этнополитическое измерение* [Sochi 2014: the ethno-political dimension]. Available at <http://magazines.russ.ru/nz/2013/2/m11.html>; Alexey Malashenko. 'Controversy and concern over the Sochi Olympics', 10th April 2013. Available at <http://carnegie.ru/2013/04/10/controversy-and-concern-over-sochi-olympics/fyyc#>

The Olympics as a threat

Despite the fact that by 2007 the Georgian-Russian relationship was already extremely tense, a few hours before the decision was made in Guatemala, Georgian President Mikheil Saakashvili again expressed his full support for Russia's bid to host the Olympics in Sochi, expressing a wish that they would lead to stability, peace and mutual understanding between the peoples of the Caucasus.³⁸ However, not everyone in Georgia shared the president's optimism. Paata Zakareishvili (now the State Minister for Reintegration) was inclined to believe that holding the Winter Olympics in Sochi – right next to Abkhazia – would tie Abkhazia even closer to Russia, and that there was no hope for progress towards resolving the Georgian-Abkhaz conflict for the next seven years at least.³⁹

What happened next, however, was worse than even the pessimistic prognosis of Zakareishvili. The Russian-Georgian War of August 2008 (it should be noted that no Georgian combat operations took place in Abkhazia) led to the expulsion of the Georgian population (the only residents) of the Kodori Gorge, the recognition by the Russian Federation of Abkhazia's (and South Ossetia's) independence, the breaking off of diplomatic ties between Georgia and the Russian Federation, and the *de facto* continuation of the war by other means ('All diplomacy is a continuation of war by other means', Zhou Enlai). This post-war period led to more activist Georgian policy on the North Caucasus,⁴⁰ in a way that related directly to the Sochi Olympics. In particular, two international conferences were held in March and November 2010 in Tbilisi entitled *Unknown Peoples – Enduring Crimes: the Circassians and the peoples of the Caucasus between the past and the future* by Tbilisi's Ilia State University in partnership with the US Jamestown Foundation. The first of these conferences adopted an appeal to Georgia's parliament, calling for recognition of the Circassian genocide, while the second called for a boycott of the Sochi Olympic Games.

On 20th May 2011 recognition of the Circassian genocide actually occurred: Georgia's parliament adopted a resolution to that effect.⁴¹ However, it would be wrong to see this simply as part of a campaign towards a boycott of the Sochi Olympics: there were larger-scale aims. Nevertheless, without doubt, there was a "Sochi" component to the step. It is enough to recall that the above-mentioned Jamestown Foundation had already held a round-table meeting in June 2010 on the theme *Sochi 2014: can an Olympics Take Place at the Site of the Expulsion of the Circassians?*, which laid the ideological ground for the idea of boycotting the Sochi Games. When asked by the Czech television station CT24 in October 2011 if Georgia would boycott the Sochi Games, the then Georgian President Saakashvili replied, 'That is an ethnically cleansed territory. And it is a place where genocide of the Circassians occurred. Sochi really does have a complicated history. What is more, there are also security problems. The North Caucasus is a complicated area. 2014 will come soon, but time is needed to resolve these problems. And I can't say what will happen before 2014.'⁴²

³⁸ 'Some say Sochi Olympic good for conflict resolution', *Civil Georgia*, 6th July 2007. Available at <http://www.civil.ge/eng/article.php?id=15387>

³⁹ Ibid.

⁴⁰ See Ivlian Haindrava (2012). *Кавказский дом по тбилисскому проекту* [A Caucasian home as designed by Tbilisi], *Russia in Global Affairs*, Vol. 1, No. 1, January–February. [English version at <http://eng.globalaffairs.ru/number/A-Caucasian-Home-as-Designed-by-Tbilisi-15581>]

⁴¹ For more details, see Ivlian Haindrava (2011). *Georgia's Recognition of the Circassian Genocide in the Context of Georgian-Abkhaz-Russian Relations*. London: International Alert, 13 July 2011. Available at <http://www.international-alert.org/our-work/caucasus-dialogues-perspectives-region/circassian-genocide-georgian-abkhaz-russian-relations>

⁴² <http://www.ceskatelevize.cz/ct24/exkluzivne-na-ct24/osobnosti-na-ct24/139360-cilem-ruska-bylo-prevzeti-gruzie-rika-michail-saakasvili/> 12th October 2011.

It should be noted, however, that in February 2011 Saakashvili had already said that not only did Georgia not have plans to create a 'physical threat' to the Olympics in Sochi but that it also lacked the capacity to do so.⁴³ However, Moscow, following tradition, did not believe him. Aleksandr Kloponin, the Russian Federation's Presidential Envoy to the North Caucasus Federal Territory, characterised the recognition by Georgia of the Circassian genocide as an attempt to 'play the Circassian card at the Olympic Games',⁴⁴ and when in May 2012 a weapons and ammunition cache was found in Abkhazia, presumably intended to be used to carry out terrorist acts during the preparations for and the holding of the Sochi Olympics, many people in Moscow accused Georgian special services of collaborating with the terrorists; the Russian press was full of such headlines.⁴⁵ However, no evidence confirming a connection with Georgia has been produced, either then or now,⁴⁶ just like other times when Russia accused Georgian special services of supporting North Caucasian extremists and fundamentalist organisations.

In summary, between 2008 and 2012, both sides used the Olympics as an obstacle to improving their relationship. Saakashvili raised the prospect of a boycott of the Games (the idea found no support in the international arena, however), while Russia tried to portray Georgia as the main security threat to the Olympics (also without any international success).

The Olympics as an opportunity

Following the change in government in Georgia as a result of the 1st October 2012 parliamentary elections, the official attitude of Tbilisi to the Sochi Olympics changed completely. Before even coming to office, future Prime Minister Bidzina Ivanishvili announced that Georgia should take part in the 2014 Olympics.⁴⁷ At its 2nd May 2013 session, the country's National Olympic Committee (NOC) decided to send Georgian Olympians to Sochi, referring to the fundamental principles of the Olympic Charter. In September 2013, 76 percent of surveyed Georgian citizens stated that they favoured participation in the Olympics, with 11 percent against, and the rest not providing clear positions on the issue.⁴⁸

This decision should be viewed in a wider context than just the sporting one. Ivanishvili, leader of the Georgian Dream coalition that won the elections, had earlier stated that one of his priorities was to improve the relationship with Russia, and the decision concerning Sochi should be seen in the framework of this policy. The decision to participate in the Olympics also speaks of readiness to reconsider the overall North Caucasus policy of the former authorities, removing those policy elements of particular irritation to Russia (for example, the propaganda television station PIK has

⁴³ 'Saakashvili: "Georgia poses zero threat to Sochi Olympics"', *Civil Georgia*, 25th February 2011. Available at <http://www.civil.ge/eng/article.php?id=23182>

⁴⁴ See «Хлопонин: Грузия разыгрывает 'черкесскую карту' к Олимпийским играм», [Khloponin: Georgia is playing the Circassian Card ahead of the Olympic Games']. *Vzгляд*, 14th July 2011.

⁴⁵ See, for example, *Грузия хотела взорвать Сочи руками Умарова?* [Georgia wanted to blow up Sochi by the hands of Umarov?], *Argumenty i Fakty*, 10th May 2012. Available at <http://www.sz.aif.ru/crime/article/26923>; *В Госдуме считают, что Доку Умарова могут поддерживать грузинские спецслужбы* [In the State Duma it is believed that Georgian special forces may support Doku Umarov], *Edinaya Rossiya*, 10th May 2012. Available at <http://er.ru/news/2012/5/10/umarova-mogut-podderzhivat-gruzinskie-specsluzhby-schitayut-v-gosdume/>; *Гамарджоба, Умаров* [Gamarjoba, Umarov], *Rossiyskaya Gazeta*, 11th May 2012. Available at <http://www.rg.ru/2012/05/10/terrorizm-site.html>

⁴⁶ See, for example, Sergey Markedonov. *В поисках «грузинского следа»* [In search of the 'Georgian trail'], 13th May 2012. Available at <http://www.ekhokavkaza.com/archive/programs/latest/2737/2737.html>

⁴⁷ <http://ria.ru/sport/20121016/902899284.html/> 16th October 2012.

⁴⁸ Survey conducted by National Democratic Institute (NDI). Available at <http://www.ndi.org/node/20641>

ceased operating, Circassian and other North Caucasian themes are no longer highlighted at the official level, and conferences like those mentioned above are no longer being held).

What is more, Georgia proposed cooperation with Russia to ensure security at the Games. Georgia's Minister of Defence Irakli Alasania announced the country's readiness to cooperate in the run-up to Sochi 2014 while on a visit to the USA (the location, it seems, was not chosen by chance).⁴⁹ Earlier – in June 2013 – Russian President Putin made the same announcement from the Russian side, having made a favourable assessment of the position of the new Georgian authorities on the Olympics; he even stated that, if the special services of the two countries began to cooperate to combat terrorism, this could lead to abolition of the visa regime for citizens of Georgia.⁵⁰ It seemed that there was political will on both sides, and that there could be progress. Then, on 13th September 2013 Yusup Lakaev, a Russian citizen from Chechnya on Russia's list of persons posing a threat to the 2014 Olympics,⁵¹ was detained in Batumi. Lakaev was suspected of participating in the murder in Sukhumi of a Russian diplomat (and his wife, who died of her injuries later in hospital). When commenting on this, Deputy Foreign Minister, David Jalagania stated that the Tbilisi authorities had several months earlier proposed cooperation with Moscow to ensure security at the Sochi Olympics but, 'unfortunately this proposal has still not received an answer from Russia. Therefore any complaints would be unfounded'.⁵²

No official protests have been made by Russia since the change of government in Georgia. However, the passing of documents concerning the extradition of Lakaev can hardly have been seen as equivalent to cooperation. The FSB has confirmed, for example, that ties have been restored between the special services of Russia and Britain specifically for reasons connected to security at the upcoming Olympics (they were broken off following the scandalous murder of ex-FSB officer Aleksandr Litvinenko).⁵³ However, the Georgian-Russian relationship is even more complicated today and information about security service cooperation (if it has indeed begun) is not necessarily available to the public. At the end of the day, reducing the terrorist threat as much as possible during major international events is in the direct interest of all parties participating, and even of those not participating.

At the same time, there are other recent actions by the Kremlin even following the change in government in Georgia and the fundamental shift in Tbilisi's official approach to the Sochi Olympics, which cannot be described as steps towards improving the bilateral relationship. These are the "borderisation" of Abkhazia and South Ossetia along the dividing lines between them and the rest of Georgia, with a corresponding tightening of the regime concerning freedom of movement. In the case of South Ossetia, this has even been done in a provocative way, as Russian border guards have erected barbed-wire fences right through villages, leaving the houses and landplots of neighbours and relatives on opposite sides of the so-called "state boundary".⁵⁴ In Georgia, such activities are considered at best as inappropriate, and contrary to the spirit of the new trends in bilateral relations.⁵⁵ Russian political scientist Andrey Shusentsov has also acknowledged that the so-called borderisation

⁴⁹ <http://www.ekhokavkaza.com/content/article/25083440.html/> 22nd August 2013.

⁵⁰ <http://www.politrus.com/2013/06/13/putin-georgia/> 13th June 2013.

⁵¹ <http://www.ekhokavkaza.com/content/article/25107977.html/> 16th September 2013

⁵² Ibid.

⁵³ http://newsru.com/russia/08nov2013/rus_brit.html/ 8th November 2013.

⁵⁴ Author's note: The decision was made several years ago, but for some reason implementation occurred at the most inappropriate time.

⁵⁵ See, for example, <http://www.interpressnews.ge/ru/2010-05-25-09-32-40/52551-2013-09-25-09-06-56.html>

of South Ossetia, conducted against the background of normalising Georgian-Russian relations, is an aggravating factor.⁵⁶

Another aggravating factor is the fact that a Russian pilot, who took part in bombing raids in Georgian airspace during the August 2008 conflict, was given the honour of being one of the first to carry the Olympic torch. This was also seen by many in Georgia as a direct challenge, and led to demands for a boycott of the Sochi Olympics. Curiously, Germany's Ambassador to Georgia said in an interview with a popular weekly that if he were Georgian he would also have opposed Georgian participation in the Olympics following the incident with the torchbearer, because he would have seen it as a provocation and an affront.⁵⁷ Georgia's government, however, has continued to support the NOC's decision to participate in the Olympics, but, if the number of such incidents continues to rise, it could find itself in a difficult situation. Georgia's Minister of State for Reintegration, Paata Zakareishvili, commented that 'Russia is trying to escalate the situation in Georgia before the Vilnius European Union Summit, which will take place at the end of November, and also before the Sochi Olympics. But we need to pass both these tests of restraint, in the eyes of the whole world.'⁵⁸

On the whole, it seems (and the majority of observers concur with this view) that in the period remaining before the Olympics there are unlikely to be any sudden moves to destabilise the situation, from either the Russian or, especially, the Georgian side. Successful and safe hosting of the Games is a matter of prestige for the Russian Federation and personally for its president, and maintaining stability, including political stability, around the Olympics is essential. Under its current leadership, Georgia, in any case, has a real interest in defusing tension in its relationship with Moscow, and will not get involved in conspiracies in the run-up to the Olympics. If the number of irritations from the Russian side stops growing, and does not reach a critical point, a delegation from Georgia will go to the Sochi Games.

Therefore, the Sochi Olympics have created opportunities for cooperation between Georgia and Russia, particularly in the field of counter-terrorism, but also in a wider context: to provide security and stability along the whole length of their common border.

What will happen at the Olympics and afterwards?

However, many questions about what will happen later are difficult to answer. If, for example, Georgia participates in the Olympics and there are no security incidents, the issue causing concern in Georgia is whether Russia will use the Olympics and Olympic-related events to propagandise Abkhazia as a recognised state. Now former President Mikheil Saakashvili has said, in his usual eccentric manner: 'We should know the political cost of participation in the Sochi Olympics. They will definitely orchestrate a meeting with the so-called Ossetian and Abkhaz delegations, and they will definitely raise their flags. Putin is sure to apply all the circus tricks that he is so good at. They'll definitely organise an excursion for Olympic participants to Abkhazia. In short, we'll be slighted all the way though.'⁵⁹ If such events occur, the political cost for the current Georgian government will really be

⁵⁶ <http://www.ekhokavkaza.com/content/article/25136848.html>

⁵⁷ Kviris Palitra, 28th October 2013, <http://www.kvirispalitra.ge/politic/19254-gevropis-stabilurobas-saqarthvelos-gulisthvisac-ver-shevelevithq-eqskluzivi.html> (in Georgian)

⁵⁸ <http://izvestia.ru/news/559583/> 27th October 2013.

⁵⁹ <http://www.regnum.ru/news/fd-abroad/georgia/1714109.html/> 1st October 2013.

very high, while Saakashvili and his allies will have a strong argument that improving the relationship with today's Russia is completely impossible.

A second scenario could be that there will be a security lapse during the Olympics and the Russian authorities, out of habit or for other reasons, will point the finger of blame at Georgia. Similar things have happened before (see the report above about the arms caches in Abkhazia), and if this scenario unfolds it will inevitably lead to a new escalation in tension in the bilateral relationship, with unpredictable consequences.

A third scenario could be that Georgia will participate in the Olympics, Russia will not officially present "independent Abkhazia" and no security problems will arise. Putin will reap the laurels of his role as inspiration behind and organiser of the Olympics and will strengthen his position both within Russia and abroad. This would create a favourable context for developing concrete measures to reduce Russian-Georgian tension, and create a space to build mutual trust for cooperation over mutual interests (such as security on the Russian-Georgian border).

Other scenarios may also arise but, in general, there are grounds to state that *the Sochi Winter Olympics in February 2014 have both negative and positive potential for the Georgian-Russian relationship, and everything depends on the political will and attitudes of the parties, particularly Russia.*

However, there are geopolitical problems that clearly have had an impact on the bilateral agenda over the last 15 years and that will not disappear irrespective of what happens at the Sochi Olympics. Georgia and Russia have contradictory interests when it comes to the following fundamental parameters of foreign policy and national security:

- 1) Georgia is seeking NATO membership; Russia opposes NATO expansion;
- 2) Georgia is seeking integration with the European Union; Russia is promoting integration projects within the framework of the CIS, the Customs Union and the EurAsEC, which are intended to lead to the Eurasian Union;⁶⁰
- 3) Georgia is committed to reconciliation with the Abkhaz and South Ossetians, and to restoration of the country's unity; Russia is facilitating the secession and independence of Abkhazia and South Ossetia from Georgia.

After the Sochi Olympics, events will occur that will not help to alleviate these contradictions – more likely quite the reverse. It is enough to mention next year's planned signing of an Association Agreement between the EU and Georgia, and Georgia's joining of NATO's Response Force in 2015. As neither Georgia nor Russia intends to reconsider their interests and positions, no breakthrough in the relationship should be expected. It would be good if the relationship does not collapse but rather that the weak, though positive, trends of recent times continue. Then we could meet at a conference in four years' time to discuss 'The 2018 World Cup in Russia: an opportunity or a threat for Georgian-Russian relations?'

⁶⁰ V. Putin. *Новый интеграционный проект для Евразии — будущее, которое рождается сегодня* [A new integration project for Europe: a future which is being born today], 3rd October 2011. Available at <http://www.izvestia.ru/news/502761>