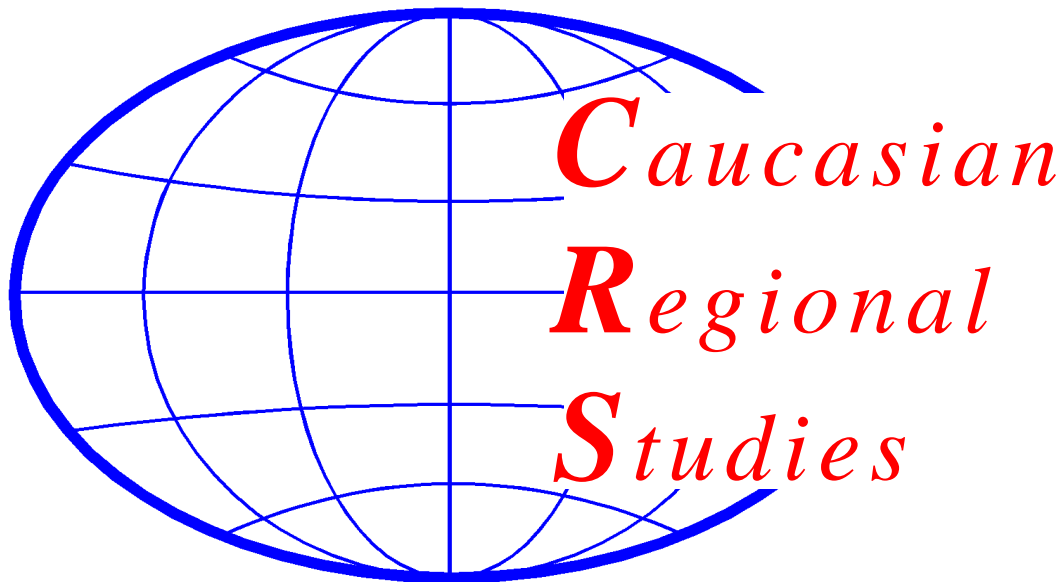


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# Caucasian Regional Studies

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## **EDITOR'S PREFACE**

During the Soviet epoch the Caucasus was probably the most flourishing region of the Soviet Union. But as it was behind the 'Iron Curtain', it remained little investigated by the rest of the world. When the Curtain fell down and the newly independent states (NIS) began to emerge out of the ruins of the Soviet Empire, it was the same Caucasus that became the arena of bloody wars and of the geopolitical games of the large regional powers, and the people living there fell into a state of poverty and despair.

Not many people could understand the complicated interweaving of the post-communist, geopolitical, ethnic, cultural and other factors, causing the deep social shocks that took place practically all over the region. So far in the West only a handful of Caucasian experts have shown professional competence in the politics, economics and public life of the Caucasian republics. Even in the Caucasus itself there are few such experts as the communist system needed ideologists and not analysts.

From the necessity to regulate ethno-political conflicts, to render assistance to refugees and to generally stabilise the region as well as to use the Transcaucasian route and the Caspian oil there arose in the West a definite strategic interest in the Caucasus, and, accordingly, the need to analyse the processes that are happening here. To use a Russian idiom, the Caucasian and Russian political leaders had chopped a lot of firewood before they started to realise the idea of the unity of the Caucasian region and that of positive state building. But so far there is practically no systematic research into the problems of inter-Caucasian relations, state building, the processes of democratisation and economic liberalisation, the state of affairs relating to Human Rights and national minorities, Caucasian republics joining the world community, etc.

In September 1995 within the framework of the TACIS programme and with the support of the EC Delegation in Georgia, an international conference on the 'Problems of Democratisation in the Caucasus' was held. Apart from theoretical discussions participants at the conference from Azerbaijan, Armenia, Belgium, Great Britain, Georgia, Denmark, Russia, France and other countries, established the International Association for Caucasian Regional Studies, the aim of which is for representatives of the regions of the Caucasus and Russia to carry out joint research

projects with the participation of western colleagues. At the conference a decision was also taken to systematically publish the results of research on actual political, economic, legal, international, historical and other social problems of the Caucasian Region.

The first edition of 'Caucasian Regional Studies' is the result of the decision taken at the conference. The next issues will be promulgated on the basis of the selection of relevant articles and materials. There are separate English and Russian issues. In future, with the improvement of 'Caucasian Regional Studies' and the increase of world interest towards the Caucasus, it is planned to turn the journal into a quarterly publication.

On behalf of the Editorial and Advisory Boards of 'Caucasian Regional Studies' I would like to express gratitude to His Excellency, Mr. **Denis Corboy**, Head of the E.C. Delegation to the Republic of Georgia as well as to his assistant Mrs. **Kate Whyte** for help and assistance rendered in conducting the conference on the problems of the Caucasus in September 1995, and establishing the International Association for Caucasian Regional Studies.

I would like to thank the British Embassy in Georgia and personally His Excellency Mr. **Stephen Nash**, HM Ambassador for a great contribution to the preparation of the first issue of 'Caucasian Regional Studies'.

The Fund of Friedrich Ebert were so kind as to finance this edition without which it would have been impossible to publish it. I would like to thank the leadership of the Fund and its representative in Georgia Mrs. **Ia Tikanadze**.

**Alexander Kukhianidze**  
Editor  
June, 1996

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## POLITICS, PARTIES AND PRESIDENTS IN TRANSCAUCASIA

Jonathan Aves\*  
(*United Kingdom*)

### Introduction

Most commentators still assume that politics in Transcaucasia are dominated by nationalist issues; that the most successful politicians and political parties are those which can convince the electorate that they will be most effective in asserting the claims of their nationality against the claims of other nationalities, particularly as they affect control over territory and the resources located on that territory. Thus, images of Transcaucasia are dominated by the conflicts in Nagorno-Karabakh, South Ossetia and Abkhazia. This paper argues that an analytical framework based on nationalism is no longer sufficient for us understand the political processes taking place in Transcaucasia and will not help us understand the outcome of the elections which took place in the three Transcaucasian republics in 1995.

This paper will suggest a new framework for understanding the domestic political processes currently being experienced by the three Transcaucasian republics. As with many radical mass movements, the nationalist movements which arose in the three Transcaucasian republics at the end of the 1980s experienced a total change in character when they came to power. In the first phase such mass movements strive to mobilise support behind a programme promising an entirely new political and social order whilst in the second phase they become pre-occupied with consolidating their hold on power which, besides involving compromises with the radical ideals of their original programme, also gives rise to struggles between groups in the leadership of the movement for control over coercive and material resources.<sup>1</sup> Only one of the Transcaucasian nationalist movements, the Armenian Na-

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\* **Jonathan Aves** - is lecturer of the School of European Studies at the University of Sussex, UK.

<sup>1</sup> The Bolshevik party in Russia in 1917, for example, had a real mass base amongst industrial workers but very soon after coming to power in October it adopted policies which contradicted the aspirations of those workers as exemplified by the decision to employ 'bourgeois' specialists. I am grateful to Marine Kurkchian of the Sociology Department of Yerevan University for the insights which provoked this line of thought.

tional Movement (ANM), has successfully navigated that transition but the current political leaderships in Georgia and Azerbaijan have come to power at least partly on the promise of reviving the democratic and nationalist agendas of failed nationalist governments and have had to consolidate new political regimes to stay in power.

Political life in the three Transcaucasian republics now displays many of the features of this second phase of regime consolidation. In contrast to the first phase the mass public has become demobilised; attempts by nationalist groups (or even 'conservative' anti-nationalist groups like the re-founded Communist parties) to organise the mass rallies, petitions and hunger strikes which dominated politics until a few years ago invariably end in failure. People are demoralised and apathetic; if previously there was a sharp polarisation between those who supported the nationalist movement and those who supported the status quo, now many cannot even be bothered to vote, as the turn-out in parliamentary by elections indicates. This is not surprising. In Georgia and Azerbaijan the nationalist movements have failed in their central objective of resisting secessionist movements and in Armenia, whilst the struggle for Nagorno-Karabakh has ended in a remarkable victory, the population has been ground down by a catastrophic economic and social crisis.<sup>2</sup>

One of the most important elements of regime consolidation is the establishment of a state monopoly over the means of coercion on the territory of the country. This has proved to be a particularly complex process in the three Transcaucasian Republics because the salience of ethnic conflict in the first phase of their political development saw the dispersal of state authority to various informal groups - typically paramilitary organisations with links to organised crime. The early part of the regime consolidation phase in Transcaucasia has been characterised by struggles between political leaderships and these 'mafias'.

The prize in this struggle is control of the state apparatus which gives access to most if not all of the economic resources of the Transcaucasian republics. First, the state is able to conclude contracts with foreign companies for the exploitation of natural resources on the territory of the country, to grant licences for foreign trade and also to act as the recipient of foreign financial and humanitarian assistance. Second, the state controls the taxation system and internal trade. Third, control over ministries and government agencies gives wide opportunities for the exercise of patronage. Typically, average monthly state salaries in all three Transcaucasian republics are around \$5, way below even the official living minimum, and it is tacitly understood that government officials will supplement their income from bribes. Therefore, instead of slimming down bureaucracies to create a situation where more realistic salaries can be paid, high government officials prefer to retain staff who are dependent on them and can be expected to support them against political opponents. Thus, besides offering wide opportunities for personal enrichment, con-

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<sup>2</sup> The turn-out in the parliamentary elections in Armenia (July 1995) was in fact rather respectable and tends to undermine this point but it is also true that the turn-out for election rallies organised by the opposition parties was small and the ANM did not even bother to try and organise such events even though they had been its political forte in the late 1980s.



trol over the state budget is a vital instrument for political groups which want to bolster their position vis-a-vis their rivals.

As the regime begins to consolidate itself, political groups tend to confine themselves to mobilising limited groups of supporters, usually already occupying influential political or economic positions in the regime, to take control of key branches of the state apparatus which either give access to coercive resources, typically the so-called 'power ministries' - the ministries of defence, internal affairs and national security, or to economic resources, such as those with control over privatisation - state property committees, parliamentary commissions etc., those which give access to state credits - the state bank, ministry of finance etc., those which involve contact with foreign organisations or those which control industry and trade - the customs organisation, the tax inspectorate etc..

Superficially, such political struggles appear similar to those which take place in western democracies, but in Transcaucasia they are reinforcing a trend towards authoritarianism because of the weakness of civil society, the corruption of the legal system and especially the absence of a strong middle class. The main aim of this paper is to describe how political leaders and groups in Transcaucasia have taken control of the coercive and material resources described above and how that control gives them both the motive and means to remain in power but the impact of these processes on the prospects for democracy will be touched on in the conclusion.

The comparative approach adopted for this paper highlights both similarities between the three Transcaucasian republics, especially a tendency towards authoritarianism, but also important differences, such as in the character of that authoritarianism, which allows us to make some predictions about future developments. There is one important omission from the analysis adopted and that is the impact of external factors, especially the role played by Russia, on internal developments in Transcaucasia. In mitigation, however, it could be suggested that although Russia's actions have dominated the political scene in the three Transcaucasian republics since independence, it now appears that they are, at least, becoming more predictable and so, even though Russia remains a crucial influence, they are more easy to factor out. We shall now turn to examine developments in the individual Transcaucasian republics.

## **Armenia**

Political developments in Armenia since the late 1980s provide a particularly useful model against which to compare developments in the other two Transcaucasian republics because of the success with which the ANM has navigated the transition from being a radical mass movement to being a party of government. Compared with the other two Transcaucasian republics the domestic political scene in Armenia has been remarkably stable since independence and the same political party, the ANM, and the same leader, Levon Ter-Petrosian, have been continuously in power since 1990.

The manner in which the ANM consolidated its hold on power has been crucially affected by external factors, such as Armenia's generally unproblematic relationship with Russia and by its military successes in Nagorno-Karabakh, as well as by socio-economic factors, such as the ethnic homogeneity of the population, the relative unimportance of regional, clan and other sub-ethnic groups and its lack of natural resources, but, nonetheless, the effectiveness of the ANM's political strategy is still striking. There are three elements in the success of the ANM's political strategy: first, the striking of informal and formal pacts with leading personalities and groups from the Soviet-era elite, second, the early subordination of paramilitary groups to central political control and, third, the creation of a powerful state apparatus which has a monopoly of the country's coercive and economic resources.

The arrest of the Karabakh Committee in December 1988 suggested that relations between the nationalist movement and the Armenian Communist party leadership would be characterised by great antagonism. After the release of the Committee members from prison at the end of May 1989, however, and the holding of the founding conference of the ANM in June, a period of what Ronald Suny has called 'a kind of condominium between the Communists and the nationalists' was ushered in. Under this 'condominium' leading figures in the Karabakh Committee, such as Levon Ter-Petrosian, were invited to participate in sessions of the republic's Supreme Soviet.<sup>3</sup>

The relatively smooth transition from Communist party rule in Armenia was facilitated by the broad character of the ANM membership, which contained representatives of the old non-conformist nationalist intelligentsia, younger activists who had become politically active during the environmental and nationalist campaigns of the mid-1980s, as well as figures from the republican Communist party and Communist youth movement (Komsomol). In this respect the ANM was, in some ways, more reminiscent of the Baltic popular fronts than the nationalist movements in Georgia and Azerbaijan in which dissident nationalists and street activists were more prominent.

In June 1990 the ANM decisively defeated the Communist Party in elections to the republican Supreme Soviet and formed the country's government but the ANM distributed the ministerial portfolios to include representatives of the old Communist elite. After the departure of Vasgen Manukian, a nationalist rival of Ter-Petrosian, in September 1991, the post of prime minister was occupied by former Communist technocrats until January 1993, for example.<sup>4</sup> In an interview in May 1995 Manukian noted that although the ANM had criticised the Communist regime,

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<sup>3</sup> Ronald Grigor Suny, *Looking towards Ararat. Armenia in Modern History*, Indiana University Press, 1993, pp. 234-36.

<sup>4</sup> Gagik Harutunian until July 1992 and Khosrov Arutunian until January 1993. *Armenian International Magazine*, August-September 1992, pp. 16-21.

it had not criticised individual Communists and that once it came to power the new regime took on a 'mixed character'.<sup>5</sup>

There has been much debate about the economic merits of a crash programme of marketisation ('shock therapy') versus the merits of a more gradual approach but there has been much less discussion about the political merits of the rival strategies. Whilst in Georgia and Azerbaijan nationalist governments postponed radical economic reform for fear of its social impact, in Armenia a radical marketisation programme was initiated from a very early stage. Whether by luck or judgement, radical economic reform, particularly privatisation, played an important role in consolidating the new regime. In 1992 Ter-Petrosian announced that the government had rejected a privatisation scheme based on the mass distribution of vouchers to the public, on the Russian model, in favour of turning enterprises into 'open shareholding societies' which would be offered, in the first instance, to their employees. If the employees did not take up the offer of shares the enterprise would be offered for sale by auction. It was widely understood that this form of privatisation gave advantages to the old nomenklatura.<sup>6</sup> Karen Demirjian, the former Armenian Communist party boss, who could pose a threat similar to that posed by Eduard Shevardnadze and Heidar Aliiev to the nationalist movements in Georgia and Azerbaijan, has thus been able to secure the directorship of the large Yerevan Electric-Machine Building Plant.<sup>7</sup>

The first major crisis faced by the ANM government was the so-called 'militia crisis' of July-August 1990. On 25 July Mikhail Gorbachev, the Soviet president issued a decree demanding that paramilitary groups in Armenia and other Soviet republics be disarmed in two weeks. At this time the main paramilitary group in Armenia was the Armenian National Army (ANA) which had up to 10,000 members. At first, the Armenian Parliament refused to enforce a decree issued by Ter-Petrosian ordering the ANA to hand in its weapons to the republican authorities but, after a member of parliament was shot by an ANA militant, it ordered its immediate dissolution and imposed a state of emergency.<sup>8</sup> By the beginning of September the crisis had begun to subside.

The suppression of the Armenian National Army in the summer of 1990 did not end Armenia's militia problem. Much of the work in organising the 'self-defence' detachments in Nagorno-Karabakh had been undertaken by Diaspora Armenians associated with emigre political parties, particularly the Armenian Revolutionary Federation (Dashnaktsiutun), which controlled the government of the self-proclaimed Nagorno-Karabakh Republic (NKR). In the summer of 1992 Ter-Petrosian took measures to bring the NKR government under closer ANM control and succeeded in having his supporters appointed to key positions in it. In Septem-

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<sup>5</sup> Interview with author, 25 May 1995

<sup>6</sup> *Nezavisimaia Gazeta*, 22 April 1992.

<sup>7</sup> *Russia Briefing*, Vol. 2, No 2, (25 February 1994).

<sup>8</sup> *Independent*, 6 August, 9 August, 13 August and 31 August 1990.

ber 1993 he appointed Sergei Sarkisian as minister of defence. Previously, Sarkisian had been minister of defence of the NKR and his appointment ensured that the NKR military would adopt an approach more in line with Yerevan's wishes.<sup>9</sup> It seems that the various militias in Karabakh did not put up any real resistance to their incorporation into formal military structures, although deals must have been made with individual commanders, and, in stark contrast to the situation in Georgia and Azerbaijan, they have not subsequently played an independent role in Armenian political life.<sup>10</sup>

Standing at the head of a state apparatus with a monopoly of the means of coercion the ANM was able to mobilise the country's resources for the war effort in Nagorno-Karabakh very effectively. Until 1990 the organisation of 'self-defence' detachments in Nagorno-Karabakh had been very much a spontaneous affair with volunteers and contributions coming forward freely in the general nationalist upsurge.<sup>11</sup> The ANM government set about the organisation of the war effort in a more systematic manner through the agency of the 'power ministries'. In November 1992 the opposition in parliament complained that the ministry of internal affairs had been carrying out a fund-raising campaign which had collected 142 million roubles for the defence forces by visiting enterprises and 'rich people' and asking for 'donations'.<sup>12</sup> In response to opposition charges Ter-Petrosian issued an order in the summer of 1994 to limit the power of the ministry of internal affairs to 'tax' business ventures.<sup>13</sup> In the summer of 1995, however, directors of large enterprises continued to complain that government officials were visiting them to demand that they hand over large sums of money and that they obtain weapons.<sup>14</sup>

The 'power ministries' rapidly acquired a central position in the ANM regime. Less than a year after it was set up, in the autumn of 1992, Ter-Petrosian was able to say that the ministry of defence was the 'largest ministry in Armenia in terms of budget, personnel and programmes'.<sup>15</sup> The appointment of Vazgen Manukian as minister of defence in September 1992 gave the building up of the army a new im-

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<sup>9</sup> *Armenian International Magazine*, February 1994.

<sup>10</sup> One of the reasons given by Ter-Petrosian for banning the Dashnaktsiutun at the end of December 1994 was that it was running an underground terrorist organization called Dro but the evidence for the existence of such an organization has yet to be produced and on the information which is available it does not appear to be related to the militias which took part in the Nagorno-Karabakh conflict. *Armenian International Magazine*, November-December 1994.

<sup>11</sup> Monte Melkonian, one of the best known diaspora fighters, levied a tax on wine in the area of Nagorno-Karabakh where he was active to be paid in the form of diesel and ammunition. Edited by Markar Melkonian, *The Right to Struggle. Selected Writings of Monte Melkonian on the Armenian National Question*, The Sarbarabad Collective, second edition, 1993, p. xvi.

<sup>12</sup> *Nezavisimaia Gazeta*, 20 November 1992.

<sup>13</sup> *Armenian International Magazine*, August-September, 1994.

<sup>14</sup> Interviews with author, May-June 1995.

<sup>15</sup> *BBC Summary of World Broadcasts* citing Armenian radio, 31 October 1992

petus. By December 1993 Vazgen Sarkisian, the state minister of defence, boasted that the draft was over one hundred per cent fulfilled.<sup>16</sup> Various figures can be found for the size of the Armenian army ranging from 30,000 to 50,000, presumably depending on whether internal ministry forces and border guards are included, but, whatever the figure, it is clear that Armenia has mobilised a much greater proportion of its resources for war than Azerbaijan, its potentially much more powerful adversary.<sup>17</sup>

Ter-Petrosian and his loyalists have emerged from successive crises with their political hold on the state apparatus strengthened as a series of his rivals and critics have left the government.<sup>18</sup> With control over the state apparatus increasingly concentrated in a small group of Ter-Petrosian loyalists it is not surprising that the 'power ministries' increasingly became the target of opposition attacks on abuses of power and corruption. Before 1994 opposition rallies tended to coincide with setbacks in the war in Nagorno-Karabakh and to criticise the government's failure to conduct the war effectively and recognise the independence of the NKR. When the opposition launched a series of rallies in the spring and summer of 1994 Armenia had confirmed its military predominance by beating back Azerbaijan's winter offensive and the main theme of its attacks was now that of abuse of power and corruption. In the spring of 1994 Ashot Manucharian, Ter-Petrosian's former national security advisor, and Hambartsum Galstian, the former mayor of Yerevan, (both were former leading members of the Karabakh Committee) made a series of attacks on government corruption centred on Vano Siradegian, the minister of internal affairs. Parliament established a commission to investigate these accusations and, at the beginning of June, it recommended that Siradegian be suspended from his duties.<sup>19</sup> At the end of June Galstian made a further series of allegations suggesting that the ministry of internal affairs had been involved in assassinations and that it had a special unit of racketeers who extorted money from Armenian businessmen in Moscow.<sup>20</sup>

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<sup>16</sup> *Armenian International Magazine*, August-September, 1994

<sup>17</sup> In the autumn of 1993 Sarkisian claimed that the Armenian army numbered 50,000 but the most accurate figures for the size of the Armenian army put it between 30,000 and 35,000, see *BBC Summary of World Broadcasts* citing Russian radio 3 November 1993 and citing Georgian press, 25 June 1994 and *Jane's Sentinel. Global Security Assessment*, 1994. Estimates of the size of the Azerbaijani army range from 40,000 to 50,000, but if Azerbaijan were to mobilize its population to the same level as the Armenian it would produce an army of 65,000 to 70,000, see *BBC Summary of World Broadcasts* citing Georgian Press, 25 June 1994, *Jane's Sentinel. Global Security Assessment*, 1994 and Roy Allison, *Military Forces in the Soviet Successor States*, IISS, 1993, p. 68

<sup>18</sup> Raffi Hovanasian (minister for foreign affairs) October 1992; Vazgen Manukian (prime minister and minister of defence) July 1993; Ashot Manucharian (presidential national security advisor) August 1994.

<sup>19</sup> *COVCAS Bulletin*, Vol. 4, No 8, 20 April 1994 and Vol. 4 No12, 22 June 1994.

<sup>20</sup> *COVCAS Bulletin*, Vol. 4, No13, 13 July 1994.

Much of the opposition criticism was self-serving<sup>21</sup>, and it is very difficult to obtain accurate information, but it is clear that the ANM leadership had managed to obtain not only a monopoly of the country's coercive resources but also a monopoly of its economic resources. With Armenia's economy in tatters, and especially because it is subject to an external blockade from Azerbaijan and Turkey and has practically no exploitable natural resources, the state budget has become the only source of income for the population. The ANM leadership made use of this economic power to build up its stock of political patronage by appointing its supporters to lucrative government jobs. It was also able to buy off potential political opponents. Between December 1994 and March 1995 almost the entire Communist parliamentary fraction was expelled from the party by the Central Committee for consistently voting with the government; it was generally believed that the ANM had been buying off the Communist deputies.<sup>22</sup>

As the 1995 parliamentary elections approached the political atmosphere in Armenia became increasingly tense and came to a head after the assassination of Galstian at the beginning of December 1994.<sup>23</sup> If for no other reason, the fate of ruling parties in other post-Soviet republics made the ANM fear for the outcome of the electoral contest. This anxiety was heightened by opposition promises to prosecute those who had made illegal profits from the division of state property. On 28 December Ter-Petrosian issued a decree banning the opposition Dashnaktsiutun, six months before the scheduled date for parliamentary elections, accusing it of participation in political assassinations, drug trafficking and running a secret military organization<sup>24</sup>. The decision to target the Dashnaktsiutun requires some explanation. Long-standing links between the Dashnaktsiutun and political violence gave it an unsavoury reputation, but the evidence for the government's charges on these counts has yet to be presented and the fact that it received the bulk of its finances from the Diaspora and was therefore impervious to ANM economic pressure must have been a factor in ANM thinking.

Armenian parliamentary elections took place at the beginning of July 1995 and results indicate that the new assembly is dominated by the ANM and its supporters. A referendum was held at the same time and saw the approval of a new constitution according to which the president will have wide powers, particularly over the judiciary. There had been some element of genuine party competition involved but it was very much a question of competition within limits: a leading opposition political party had been banned, hundreds of opposition candidates had been refused regis-

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<sup>21</sup> Siradegian made a number of accusations about the allegedly corrupt activities of Manucharian and Galstian in reply which there is no reason to believe are any less likely to be true than the accusations levelled against him.

<sup>22</sup> Interview with Sergei Badalian, leader of the Armenian Communist Party, conducted by the author, 23 May 1995.

<sup>23</sup> *COVCAS Bulletin*, Vol. 4, No 24, 21 December 1994.

<sup>24</sup> *COVCAS Bulletin*, Vol. 5, No 1, 4 January 1995.

tration on spurious grounds, the media had been far from impartial and a mysteriously high number of ballots were discarded as 'spoilt'.

International observers expressed strong reservations about the democratic character of the elections. Whilst a team from the OSCE confined itself to the cryptic comment that the elections had been 'free but not fair' an American group 'observed an alarming trend to suppress political competition and consolidate the position of the ruling regime' and a British group found the elections neither free nor fair.<sup>25</sup>

## Georgia

The process of regime consolidation in Georgia has been the most difficult of that in all the three Transcaucasian republics and, as presidential and parliamentary elections approached in November 1995, was still far from complete. Whilst in Armenia the nationalist movement took control of the state apparatus and established a clear monopoly of the means of coercion on the territory of the country from an early stage, in Georgia the state apparatus quickly fragmented and 'mafia' groups, with their own means of coercion and with large economic resources at their disposal, arose which struggled with successive political leaderships for control of the state. The contrast with Azerbaijan was not only in terms of the greater extent of state fragmentation but also of the greater room for political competition, which was a product both of Shevardnadze's leadership style and the more restricted opportunities for the Georgian political elite to bolster its position through patronage. The combination of a weak state and a relatively open political system has made the Georgian political scene exceptionally unpredictable.

Georgia's internal political development has been clearly shaped by constant confrontation with the Russian leadership, which, from the end of 1992, identified Georgia as a key element in its strategy for containing secessionist pressures in the north Caucasus and the expansion of Turkish influence in the aftermath of the break-up of the Soviet Union. Nonetheless, it is undeniable that the poor progress that successive Georgian political leaderships made with consolidating their regimes has made Russia's task of obtaining a decisive say in Georgia's affairs much easier.

Partly as a consequence of the killing of peaceful demonstrators by Soviet troops on 9 April 1989 it was the radical wing of the Georgian nationalist movement, the Round Table-Free Georgia bloc headed by the former dissident Zviad Gamsakhurdia, which came to power as a result of parliamentary elections in October 1990. In May 1991 Gamsakhurdia was elected president by an overwhelming majority but

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<sup>25</sup> *COVCAS Bulletin*, Vol. 5, No 14, 12 July 1995; National Democratic Institute for International Affairs, Report of the Survey Mission to Armenia, March 15-31 1995; and Armenia 1995: Democracy and Human Rights, A Report by the British Helsinki Human Rights Group.

the new regime was soon beset by internal enemies just as it was heading for confrontation with Moscow. First, the nationalist movement had become very fractured and a number of key groups, such as the National Democrats who were deeply hostile to Gamsakhurdia, were excluded from the new parliament. Gamsakhurdia also faced hostile militias, most notably the Mkhedrioni (Knights), which was led by Jaba Ioseliani. Second, the nationalist movement also alienated much of the old soviet elite; Communist party deputies were expelled from parliament after the failed coup in Moscow in August 1991. Third, and most crucially, Gamsakhurdia also quickly lost control of the government's armed forces.

In February 1991 the Georgian police in co-operation with the Soviet military, suppressed the Mkhedrioni and Ioseliani was arrested.<sup>26</sup> The previous month the government had set up its own armed force, the National Guard, partly to act against groups like the Mkhedrioni.<sup>27</sup> It soon became clear, however, that the bulk of the guardsmen were loyal to Tengiz Kitovani, their commander, rather than the government, and, when Gamsakhurdia moved to put the National Guard firmly under the control of the ministry of internal affairs during the August 1991 coup, they rebelled. In December 1991 the National Guard headed the armed coup which overthrew Gamsakhurdia.

Although the Military Council which assumed power at the beginning of January 1992 was formally headed by Tengiz Sigua, Gamsakhurdia's former prime minister, real power lay with Kitovani and Ioseliani, who had been freed from prison during the coup.<sup>28</sup> The return of Eduard Shevardnadze to his native republic to head the government in March did not change this reality as the peremptory sacking of Lieutenant-General Levan Sharashenidze as minister of defence by Kitovani in May demonstrated.<sup>29</sup> The outbreak of war in Abkhazia in August, before the government had had the chance to establish a proper army, propelled the militias to even greater prominence and, in October, Shevardnadze established a National Security and Defence Council with Kitovani and Ioseliani as joint co-chairmen to organise the war effort.<sup>30</sup>

With the state apparatus paralysed by constant political turmoil and in conditions of military emergency the militias played a leading role in mobilising the country for war. The first consequence of this delegation of authority from the state was the disastrous military performance by the Georgian side in the Abkhazian war. Shevardnadze admitted to a western correspondent in April 1993, 'It is too early to talk about an army. We've just got armed units... Mostly they are patriots and volunteers. The level of training is very low. It is difficult to talk about discipline, it is so very weak'.<sup>31</sup> For much of the Abkhazian war many Georgian fighters seemed to be

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<sup>26</sup> *Financial Times*, 21 February 1991.

<sup>27</sup> *Independent*, 30 January and 31 January 1991.

<sup>28</sup> *Economist*, 11 January 1992.

<sup>29</sup> *Jane's Sentinel. Global Security Assessment*, 1994.

<sup>30</sup> *Financial Times*, 15 October 1992.

<sup>31</sup> *Independent*, 23 April 1993.



as interested in looting as pursuing military objectives. In an effort to root out such behaviour summary courts marshal were introduced and field executions carried out.

The second consequence was the development of powerful groups ('mafias') outside the state apparatus with considerable coercive and economic resources at their disposal, the latter frequently deriving from criminal activities. Militants from the National Guard and the Mkhedrioni took upon themselves the role that had come to be played in Armenia by the 'power ministries' to extort funds from enterprises and businessmen for the war effort. It frequently fell to them to obtain weapons, often by striking deals with local Russian military commanders.<sup>32</sup> Not surprisingly, this activity, supposedly carried out under the banner of patriotism, soon turned into a simple 'business' with much of the militias' economic activity degenerating into protection rackets, arms and narcotics trafficking and control over vital commodities, such as petrol.<sup>33</sup>

Georgian politics since 1991 has been as much determined by the struggle between the country's current political elite and these 'mafias' as nationalism.<sup>34</sup> In the spring of 1993 Shevardnadze made a new effort to rein in the militias and, in May, he abolished the National Security and Defence Council<sup>35</sup> and replaced Kitovani as minister of defence with Giorgi Karkarashvili, another leading figure in the National Guard. These moves were undermined by military emergencies over the summer as the Georgian government sought unsuccessfully to resist the final Abkhazian offensive in September and successfully (with Russian help) fought off an insurgency launched by supporters of Gamsakhurdia in the western regions of the country in October. By the end of 1993 it seemed that Georgia might cease to exist as a state; the government had effectively ceded control of two important provinces, South Ossetia and Abkhazia, to ethnic separatists and had even largely given up the streets of its capital to bandits.

Subsequently, however, the Georgian government did slowly manage to re-consolidate its authority. In the winter of 1993-94 an intensive campaign against crime was launched which did bring a degree of security back into the lives of most Georgian citizens. In the autumn of 1993 two of the 'power ministries' were revamped. A ministry of state security was created with Igor Giorgadze, a former

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<sup>32</sup> Often the deal would be masked by a staged attack by the militia on a Russian military base so that the Russian commander could pretend that he had been forced to hand over weapons.

<sup>33</sup> For example, Mkhedrioni thugs forced the manager of the Austrian-owned luxury Metechi Palace Hotel in Tbilisi to flee the country at the end of 1994. *Guardian*, 8 November 1994.

<sup>34</sup> With their participation in looting and arms trafficking the militias also had an important economic interest in the continuation of ethnic conflicts, for example Karkarashvili was accused of selling military secrets to the Abkhazians. *COVCAS Bulletin*, Vol. 4, No 4, 23 February 1994.

<sup>35</sup> *Georgian Chronicle*, April 1993.

KGB officer, at its head. The ministry of internal affairs was also bolstered by the appointment of Givi Kviriaia, another former KGB officer, as minister.<sup>36</sup> The appointment of Giorgadze was particularly controversial because of his links with hard-line Communists (his father is head of the stalinist United Communist Party) and with the Russian security services. Thus, whilst the strengthened ministries proved to be an effective counter-weight to the militias, in the longer term they potentially represented another source of political threat to Shevardnadze.

The National Guard was eliminated as a serious force by the beginning of 1995. Although Karkarashvili had been appointed minister of defence partly because he was perceived to be less of a political threat than Kitovani, he was suspected of involvement in shady arms deals.<sup>37</sup> In February 1994 he was sacked and replaced a couple of months later by Lieutenant-General Vardiko Nadibaidze a career military officer.<sup>38</sup> In January 1995 Kitovani was arrested after attempting to launch a crusade to re-capture Abkhazia<sup>39</sup>. The Mkhedrioni proved to be a much more difficult nut to crack. Bizarrely, in August 1994, the Mkhedrioni was able to force the government to give it the legal status of the Georgian Rescuers Corps, ostensibly a sort of civil defence organisation, which allowed them to retain their weapons.<sup>40</sup> For much of 1994 Ioseliani headed the Georgian delegation in negotiations with the Abkhazians.

By the beginning of 1995 the Georgian regime was much less effectively consolidated than the Armenian. The Georgian state still did not have a monopoly of coercive resources. The most dramatic manifestation of this was a string of political assassinations<sup>41</sup> culminating in an attempt on the life of Shevardnadze himself in August.<sup>42</sup> In the aftermath Giorgadze was sacked and Shevardnadze took personal command of the ministry of state security's brigade of paratroops and commando units.<sup>43</sup> Meanwhile, a campaign had been launched to suppress the Mkhedrioni once and for all. At the beginning of May 1995 Shevardnadze revoked his decree allowing them to retain their weapons and operations were carried out in the eastern regions of the country by internal ministry forces to confiscate military equipment and arrest Mkhedrioni militants. By the summer of 1995, however, it was clear that far from all the Mkhedrioni's weapons had been handed over to the government and relations between Shevardnadze and Ioseliani remained tense.<sup>44</sup>

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<sup>36</sup> *Georgian Chronicle*, October 1993.

<sup>37</sup> *Georgian Chronicle*, February-March 1994.

<sup>38</sup> *Georgian Chronicle*, April 1994.

<sup>39</sup> *Georgian Chronicle*, January 1995.

<sup>40</sup> *Georgian Chronicle*, August 1994.

<sup>41</sup> Giorgi Chanturia, leader of the National Democratic party (December 1994); Attempt on the life of Giorgi Karkarashvili (January 1995); Soliko Khabeishvili, political advisor to Shevardnadze (June 1995).

<sup>42</sup> *Guardian*, 30 August 1995.

<sup>43</sup> *Reuters*, 2 September 1995; TASS, 3 September 1995.

<sup>44</sup> *Georgian Chronicle*, May 1995.

In July it was announced that parliamentary and presidential elections had been set for 5 November.<sup>45</sup> The Georgian elections were a much more open affair than their counter-parts in the other two Transcaucasian republics. This was for three reasons. First, despite experiencing a coup and severe civil strife, in contrast to Azerbaijan, Georgia had managed to retain a lively political life. This was not only because the media remained relatively free but, most importantly, because the successful holding of parliamentary elections in September 1992 meant that opposition politicians and political parties retained a forum from which to appeal to the public. Second, Shevardnadze did not occupy the post of president. Since one of the reasons for overthrowing Gamsakhurdia had been accusations that he had abused his presidential powers Shevardnadze had only been elected as 'head of state'. Thus, he had to rely on constructing political coalitions amongst parliamentary fractions and interest groups to a much greater extent than Ter-Petrosian, for example, who had managed to obtain wide powers to appoint ministers without reference to the parliament<sup>46</sup>. Third, not only had the Georgian political leadership failed to obtain a monopoly of the forces of coercion in the country, in contrast to Armenia and Azerbaijan, it had also failed to obtain a monopoly over the country's economic resources. Unlike Azerbaijan the Georgian political leadership could not rely on income from the exploitation of natural resources to grease the wheels of patronage and, unlike Armenia, the privatisation programme only got under way in the autumn of 1994, which was too late for it to be useful in constructing a clear constituency of clients who owed a political debt to the regime.

In the autumn of 1993 Shevardnadze had set up his own political party, the Citizens' Union of Georgia (CUG), but it has failed to secure the sort of political predominance achieved by the ANM, for example. Whilst a large number of provincial governors and other state officials are CUG members the government is far from being composed exclusively of CUG ministers. For this reason, state patronage can potentially be exerted on behalf of a variety of political groups. More importantly, the political leadership is open to challenge by hostile 'mafia' parties.

Shevardnadze moved quickly to exploit the attempt on his life politically. Temur Khachishvili, the deputy minister of national security, was arrested shortly afterwards. Khachishvili was also a leading member of the Mkhedrioni and, not long after, a search of Jaba Ioseliani's parliamentary offices revealed stocks of weapons and narcotics. At the end of September Ioseliani announced that he would not be standing for president.<sup>47</sup> The Georgian authorities also accused Igor Giorgadze of planning the assassination attempt in his father's flat. Igor Giorgadze fled to Moscow whilst his father, Panteleimon, head of the United Communist Party, found himself

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<sup>45</sup> A new constitution establishing a presidency was approved by parliament in August. *Reuters*, 24 August 1995.

<sup>46</sup> Stephen F. Jones, 'Georgia's Power Structures' in *RL/RFE Research Report*, Vol. 2, No 39, 1 October 1993, pp 5-9.

<sup>47</sup> *Reuters*, 5 October 1995.

implicated in terrorism. Subsequently, attempts were made to associate Jumber Patiashvili, another presidential candidate with the Giorgadzes.<sup>48</sup>

Thus, as the Georgian parliamentary elections approached, Shevardnadze was still engaged in a desperate struggle to retain control of the political process. Whilst there was little prospect of him facing a serious challenge for the presidency or of his supporters not winning a dominant position in the new parliament, his attempts to eliminate or discredit his political opponents were as much a sign of weakness as strength.

## Azerbaijan

The current Azerbaijani regime has gone further down the road to authoritarianism than the regimes in the other two Transcaucasian republics. This has been partly a result of the vagaries of Azerbaijan's political development since the late 1980s, which was characterised by a highly antagonistic relationship between the local Communist regime and the nationalist movement, the Azerbaijani Popular Front (APF). As a result, Azerbaijani democracy was still-born; parliamentary elections in which it could be said there was free competition between political parties have not taken place and are unlikely to take place in the foreseeable future. Neither is the authoritarian character of the Azerbaijani regime simply a product of its success in establishing a monopoly of coercive resources on the territory of the country. In this respect Azerbaijan stands somewhere between the two extremes of Armenia and Georgia. Rather, authoritarianism in Azerbaijan stems from the vast opportunities for patronage provided by the country's natural resources, principally its off-shore oil reserves. Heidar Aliev, the current president, has mobilised these economic resources extremely efficiently to create a powerful political machine which no other political group in the country can match.

The rise of the APF, which grew out of mass rallies at the end of 1988 held to protest at the failure of the Communist government to resist the Armenian secessionist movement in Nagorno-Karabakh, was extended and violent. The APF failed to force the local Communist party to accede to a period of 'condominium' on the Armenian model or make a strategic retreat on the Georgian model and, on the eve of elections to the republican Supreme Soviet which the APF was poised to win, an operation headed by the Soviet army was carried out in January 1990, in which hundreds of people were killed, to suppress it.<sup>49</sup>

After January 1990 the APF led a semi-clandestine existence whilst Aiaz Mutalibov, the new Communist party first secretary, tried to resolve the Nagorno-Karabakh conflict with Soviet military help and so neutralise the nationalist appeal

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<sup>48</sup> *Reuters*, 4 October 1995; and *Nezavisimaia Gazeta*, 17 October 1995.

<sup>49</sup> Audrey L. Altstadt, *The Azerbaijani Turks. Power and Identity under Russian Rule*, Hoover Institution Press, 1992, pp 204-219.

of the APF.<sup>50</sup> The attempted coup in Moscow in August 1991, which Mutalibov was one of the few republican leaders to support openly, marked the collapse of this strategy and, in the autumn of 1991, the APF began to re-emerge as a powerful political force. Although Mutalibov was elected unopposed as president in September 1991, not long after he was forced to replace the Supreme Soviet with a new fifty-member National Assembly (Mili Mejlis) in which the opposition was given half the deputies.<sup>51</sup> This appointed body did not have the legitimacy on which a constitutional regime could be consolidated and over the following three years Azerbaijani politics was characterised by a series of coups and, between 1991 and 1993, the country had four presidents.<sup>52</sup>

For the first six months of its existence as an independent state Azerbaijan was enveloped in political turmoil. At the beginning of March 1992 Mutalibov was forced to resign as president following the massacre of Azerbaijani civilians at Khojali in Nagorno-Karabakh. Iagub Mamedov, who served as the interim president, refused to make political concessions to the APF and include its nominees in the government and, after the failure of an attempt by Mutalibov to seize power at the beginning of May, the APF took over the government. Abulfaz Elchibei, the leader of the APF and, like Gamsakhurdia, a former dissident, then won new presidential elections at the beginning of June.<sup>53</sup>

Since Mutalibov's political strategy had counted on the continuing existence of the Soviet Union very little progress had been made with establishing a state apparatus by the time Elchibei became president. Although an Azerbaijani National Army had formally been set up in October 1991, in mid-March 1992 the total strength of the army was only about 500 men.<sup>54</sup> Azerbaijan faced an additional problem in setting up an army; the very small number of ethnic Azerbaijani officers in the Soviet army. Thus, as in Georgia, it was informal paramilitary groups which played the main role in the Azerbaijani war effort. The most prominent of the Azerbaijani militia commanders was 'Colonel' Suret Husseinov.

Husseinov first achieved fame in 1992 as the leader of a unit in the Azerbaijani 'army' which he claimed to have equipped from his personal fortune. The original source of his wealth was a wool-processing factory, of which he was director, in

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<sup>50</sup> *Independent*, 29 September 1990; and *Guardian*, 12 September 1991.

<sup>51</sup> Elizabeth Fuller, *Azerbaijan at the Crossroads*, RIIA, 1994, p 5.

<sup>52</sup> Aiaz Mutalibov (September 1991 to March 1992); Iagub Mamedov (March 1992 to May 1992); Abulfaz Elchibei (June 1992 to July 1993); and Heidar Aliev (October 1993 onwards).

<sup>53</sup> Elizabeth Fuller, *Azerbaijan at the Crossroads RIIA*, 1994, pp 5-7. The June 1992 presidential elections were the most open of any held in Azerbaijan's recent history although Aliev was prevented from standing by the setting of an age limit of 65 for candidates just before the elections. In 1992 Aliev was aged 69. *Nezavisimaia Gazeta*, 23 April 1992 and 28 April 1992.

<sup>54</sup> Richard Woff, 'The Armed Forces of Azerbaijan' in *Jane's Intelligence Review*, Vol 5, No10, October 1993, p 460.

Azerbaijan's second city of Gijandje. Subsequently, he made much larger sums by earning 'commission' as a middleman in arms deals between the Azerbaijani government and the Russian military. He also widely reputed to be involved in narcotics trafficking.<sup>55</sup> The role played by Husseinov in Azerbaijani politics is very reminiscent of that played by Kitovani or Ioseliani in Georgia. Like them he was originally favoured by the nationalist movement because he was perceived to be a genuine patriot who was more trustworthy than professional military men who had made their careers in the Soviet army and because he appeared able to achieve rapid results. Like Ioseliani, in particular, having played a central role in his country's war effort Husseinov sought to convert his control over coercive resources into political power in order to safeguard his economic interests and gain access to the much wider opportunities for patronage which control of the state apparatus offered.

In the summer of 1992 Elchibei appointed Husseinov to be his personal representative in Nagorno-Karabakh with wide powers but, in February 1993, he ordered his recall after the loss of a strategic road to the Armenians in Nagorno-Karabakh.<sup>56</sup> Husseinov refused to obey and holed up in Gijandje with his supporters. After a botched attempt by the government to suppress his revolt at the beginning of June, Husseinov launched a march on Baku.<sup>57</sup> Husseinov met practically no resistance and, on 18 June, Elchibei fled the capital 'to avoid bloodshed' and Aliiev, the Brezhnev-era Communist party boss, took control.<sup>58</sup>

Even without the prominence of militias in the Azerbaijani army, the distractions of political in-fighting allowed the Armenians to score sweeping victories in Nagorno-Karabakh in 1992-93 and occupy about twenty per cent of Azerbaijan's territory. In the summer of 1993 it seemed as if the Azerbaijani state was about to disintegrate. Not only were the Armenians making dramatic advances, separatist movements began to appear in other parts of the country.<sup>59</sup> The fragmentation of state authority in Azerbaijan did not go as far as it did in Georgia, however. First, although Elchibei refused to accept the legitimacy of the new government, he had originally invited Aliiev back to Baku in an attempt to foil a come-back by the much more overtly pro-Russian Mutalibov. Second, although in the immediate aftermath of the overthrow of Elchibei Aliiev agreed to allow Husseinov to appoint his people to head the 'power ministries', over the summer he out-manoeuvred him and left him only with the relatively unimportant post of prime minister. By the autumn Aliiev was already carrying out a purge of APF and Husseinov supporters from the army in an attempt to establish a unified command structure.<sup>60</sup>

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<sup>55</sup> Thomas Goltz, 'Letter From Eurasia: The Hidden Russian Hand' in *Foreign Policy*, Fall, 1993, pp 110-11.

<sup>56</sup> *Turkey Confidential*, No 37, March 1993, pp 26-7.

<sup>57</sup> *Guardian*, 8 June 1993.

<sup>58</sup> *Financial Times*, 19 June 1993.

<sup>59</sup> Most dramatically with the declaration of a Talysh-Mugan Republic in the southern town of Lenkoran in August.

<sup>60</sup> *Russia Briefing*, 25 January 1994, p. 8.

In the autumn of 1994 Aliev moved to remove Husseinov who still had effective control of Gianje and a number of the country's western regions. In October he turned a conflict with Rovshan Javadov, the deputy minister of internal affairs, against his patron, Husseinov, by accusing the latter of preparing a coup. Shortly after, Husseinov fled the country.<sup>61</sup> In March 1995 Aliev accused Javadov, in his turn, of being involved in the smuggling of strategic materials and government forces stormed barracks where a police unit loyal to him was based, killing him in the process.<sup>62</sup> By the spring of 1995 Aliev had eliminated the last vestiges of the militias which had arisen with the APF.

The main victim of the numerous political upheavals which had afflicted Azerbaijan since 1988 was any prospect of a democratic regime being established. Parliamentary elections had been held in September 1990 and presidential elections annually in each of the three subsequent years, November 1991, June 1992 and October 1993. In all cases, these elections had been held simply to confer legitimacy on violent actions taken earlier by the country's leaders and, in all cases, had been subject to greater or lesser degrees of gerrymandering. The inability of Elchibei to put up any resistance to Husseinov's coup was a graphic illustration of his failure to secure a monopoly of the means of coercion on the territory of the country; it was also a result of his failure to democratise the Azerbaijani political system. When he came to power in June 1992 parliamentary elections were scheduled to follow quickly. If parliamentary elections had been held in the autumn it is more than likely that the APF would have secured a good majority. Instead, the elections were continually postponed and, with the APF's popularity steadily falling, they became a less and less inviting prospect for the government. Aliev behaved in an overtly authoritarian manner. Soviet-style press censorship was established soon after he came to power and has not subsequently been relaxed. Both the APF and the Communist party were prevented from registering to take part in the 1995 elections.

There is another set of reasons why both Elchibei and Aliev failed to press ahead with the democratisation of the Azerbaijani political system. Alone of the three Transcaucasian republics Azerbaijani possessed valuable natural resources; vast off-shore oil reserves. A political group which was able to conclude a deal with western companies to exploit this oil would have a formidable economic resource at its disposal in bolstering its political position. The Elchibei government was well-aware of this fact and set up SOCAR (the State Oil Company of the Azerbaijani Republic) headed by Sabit Bagirov, a long-standing member of the APF. To further ensure that the governing regime would benefit from the oil deal with western companies an Oil Directorate was set up on which senior politicians, public figures and SOCAR officials were represented to approve all deals with foreign companies.<sup>63</sup> A

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<sup>61</sup> Laura le Cornu, *Azerbaijan's September Crisis: An Analysis of the Causes and Implications*, RIIA, 1995.

<sup>62</sup> *Financial Times*, 16 March 1995; *Guardian*, 18 March 1995.

<sup>63</sup> *Central European*, April 1993.

deal with a western oil consortium was being finalised in the spring of 1993 and it was surely the prospect of being excluded from this which was one of the reasons prompting Husseinov to mount his rebellion.

When Aliev returned to Baku in June he suspended the negotiations with the western oil consortium but they were resumed in the autumn and in September 1994 'the deal of the century' was finally signed.<sup>64</sup> Aliev has skilfully made use of oil income to consolidate a formidable regime based on patronage.<sup>65</sup> The most naked example of such patronage was the placing of his family members in key positions, most notably the appointment of his son, Ilkhan Aliev, as deputy president of SOCAR. In the autumn of 1992 the secretary of state, Lala Gadzhieva, was forced to resign after she had criticised nepotism in the Aliev regime.<sup>66</sup> In general, Aliev has sought to place his clients from the province of Nakhichevan in key positions in the regime. This has sometimes provoked hostility from the local population, especially the Baku elite, but, arguably, their social isolation makes them even more dependent on him. With power concentrated around the person of the president, Azerbaijani politics has more and more come to resemble a form of 'court politics' where different politicians and interest groups seek to obtain the ear of Aliev in order to promote their careers. Against this background he is able to reward and punish his clients by appointing them or removing them from lucrative income-generating official positions.

The results of the November 1995 parliamentary elections in Azerbaijan are a foregone conclusion. In 1992 Aliev set up his own political party, New Azerbaijan, but this is essentially a mask for the patronage networks on which his regime is really based. With a firm monopoly of the means of coercion on the territory of the country and, as a guarantee against upsets, the main opposition parties out of the running, Aliev is assured a comfortable majority. Barring Russian intervention (which cannot be ruled out) and with income from 'early oil' from the Caspian due to come on stream in 1996 to fuel his patronage networks, Aliev's strategy for consolidating his regime seems to have been successful.

## Conclusion

This paper raises interesting questions about the relationship between the problem of regime consolidation, economic power and democratisation in the post-Soviet republics. On the one hand, regime consolidation is a necessary condition for democracy; if a regime cannot provide basic guarantees of personal security for its citizens and establish a bureaucracy which operates according to consistent rules there can be no question of democratic elections. But, in Transcaucasia, those poli-

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<sup>64</sup> *Financial Times*, 2 July 1993; *Financial Times*, 21 September 1993.

<sup>65</sup> This had been his political forte in Soviet times. See John P. Willerton, *Patronage and Politics in the USSR*, Cambridge, 1992, Chapter 6, for more details.

<sup>66</sup> *Moskovskie Novosti*, 19-26 February 1995.



ticians and political movements which have been most successful in consolidating a new regime have been the least successful in maintaining a clear policy of democratisation. In the case of Georgia, it seems more likely that the democratic features of the 1995 elections owe more to the weakness of Shevardnadze's regime than to an adherence to democratic principles.

Of course, the military emergencies that all three Transcaucasian republics faced even before they became independent states and the struggles all have faced to suppress paramilitary organisations could be said to have marked them out as fundamentally different from other post-Soviet republics. Certainly, apart from the case of Central Asia, in no other Soviet republics have incumbent political leaderships been able to secure re-election so easily. However, as this paper has shown, regime consolidation in Transcaucasia had not only involved the establishment of a monopoly of the means of coercion on its territory, but also a tendency towards a monopoly over economic resources. As post-Soviet regimes in Transcaucasia have consolidated their hold over coercive resources they have also acquired control over lucrative natural resources and the implementation of privatisation programmes. This provides incumbent political leaderships with both a powerful incentive (it is feared that loss of political power will be accompanied by a loss of economic assets and sources of income) and powerful means (through patronage) to manipulate the democratic process to remain in power. Perhaps we should turn once again to those political theorists who posit a strong connection between levels of economic development and especially the emergence of an independent middle class and democratisation rather those who focus on transition strategies and institutional design.

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# GEOGRAPHICAL AND HISTORICAL FACTORS OF STATE BUILDING IN TRANSCAUCASIA

Revaz Gachechiladze\*  
(*Georgia*)

## Introduction

The 15 Union Soviet Republics were declared 'Sovereign States' with a legal right of secession according to the 1936 and 1977 versions of the Constitution of the USSR. But this was just a myth. The Union Republics possessed quite distinct autonomy in internal affairs, while on the international level all the Union Republics (to say nothing of the Autonomous Republics and Regions) were recognised at best as countries, not as states. This is true even of Ukraine and Byelorussia - members of the UN since 1945.

From September to December 1991 the 14 Union Republics of the dissolved USSR were recognised as states first of all by the Russian Federation which was considered to be the direct successor of the USSR. Very soon the Newly Independent States (NIS) were recognised de-jure by the international community.

The emergence in the early 1990s of the political space called 'Post-Soviet' was a logical result of a certain global, political, and social-economic development even if many subjective factors fashioned its appearance. But neither were the NIS that appeared in this space entirely ready for state-building in the new economic and political circumstances. This is even more true when economic issues are concerned: up to 90 per cent of heavy industry in every Union Republic was managed directly from Moscow and economic ties were so interwoven that the rupture of these ties caused a collapse of the economic and social system. The opening of the markets made it clear that local products can't compete with those imported from the West (and even with those from the Middle East and South Asia). Meanwhile the psychology of the population has not changed diametrically: ordinary people cannot adapt easily to the inevitable change to the market economy in most NIS (or at least a move away from a planned economy); they often tend to blame all their quite real social misfortunes and the deterioration of their material well-being on the

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\* **Revaz Gachechiladze** - Professor, Head of the Department of Economic Geography at Tbilisi State University.

dissolution of the Soviet Union (support given at democratic elections to the neo-Communists must be attributed to this way of thinking). Such circumstances also cause serious problems to the state-building of the new political entities.

If we examine the definition of nation-state given by Giddens – 'A nation-state refers to a *political apparatus*, recognised to have sovereign rights within the borders of a *demarcated territorial area*, able to back its claims to sovereignty by *control of military power*, many of whose citizens have positive feelings of commitment to its *national identity*'<sup>1</sup> – and try to apply it to the NIS, we may discover that not all of them fit this definition. Hitherto it was assumed that only Russia – the true successor of the USSR – maintains or is able to maintain its sovereignty in full measure as it is still in control of immense military power. The latest developments, especially the ineffectiveness of military actions against the Chechen guerrillas, may tempt one to doubt this assumption, although this may appear a false impression.

And what is there to say of the other NIS which are smaller and much weaker than Russia? Whose state apparatus remains mostly unchanged from Communist times and quite often fights only for its own survival at the helm? Whose borders are marked only on maps of the world and can't be protected even from each other? Whose military power is restricted? And national identity remains mostly at the level of ethnic identity in so far as not all the representatives of the minority ethnic groups feel themselves citizens of a New State - even if they are officially given citizenship (e.g. in Georgia) and even more if they are mostly denied such (as in some Baltic states)?

It is evident that state-building in the post-Soviet space encounters a lot of difficulties. Most of them are connected with the division of the larger state organism and imply a host of internal and to non a lesser extent external factors.

Although the afore-mentioned concerns practically all the NIS, there must be differences in such a huge area as the FSU (Former Soviet Union) is. It must be *a priori* assumed that these differences are caused by some historical and geographical factors. These can be demonstrated more profoundly if different countries and regions are compared.

## **The Transcaucasus against the background of another region of the FSU**

It is evident that the actual state-building of the former Soviet Union Republics is taking longer than was supposed by the leaders of the national-patriotic movements in each Republic. This is true of the Transcaucasus which is distinguished against the background of the turbulent post-Soviet space by even more turbulence. The first real war between the then Soviet Republics (over Nagorny Karabakh) began in this region and is by no means over yet; the first coup-d'etat and the first fir-

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<sup>1</sup> Giddens A., *Sociology, Polity*: London (1991), p.303.

ing from cannons at Parliament occurred again here (The Tbilisi War, Winter 1991-1992; tanks shooting at the Russian Supreme Soviet in October 1993 may be regarded to some extent as an 'enlarged replica' of this episode); the first civil wars started again in the Transcaucasus and the most notorious internal conflicts on an ethnic basis occurred here (true, Moscow's adventure in Chechnia overshadowed them, but in huge Russia everything happens on a large scale!); one of the NIS of the region (Azerbaijan) managed to overthrow and elect (by a majority vote each time!) three Presidents in three years, etc. All this, naturally affects state-building patterns in the area.

The question may arise: Why? What are the reasons for such developments? Are all the above-mentioned events just results of mismanagement, the misrule of the corrupt and greedy elites? Is it all planned 'from Moscow' as the popular explanation suggests? Or maybe this is caused by some objective factors? And, finally, is the Transcaucasus a homogeneous region where we can predict some sort of future development by analysing it in a NIS?

The comparison of the Transcaucasus with another region of the FSU may help to answer some of the above questions. A short comparative analysis of the three Baltic and the three Transcaucasian NIS may show the role of history and geography in state-building.

### *Political-geographical differences on regional level*

**A. Location:** The Baltic states are located in a line along the Baltic Sea while to the East they all border with Russia (Lithuania formally bordered on the South-East with Byelorussia, which actually always had and recently has officially re-established 'special relations' with the Russian Federation abolishing the borders; plus Lithuania has a border with a Russia-owned province - Kaliningrad oblast - former East Prussia - to the South-West). And the former metropolis may be supposed to be the only threat for the statehood of all the three Baltic Republics.

On the other hand the Transcaucasian states are situated asymmetrically. Only Georgia has access to the Black Sea, while Azerbaijan has access to a large closed water reservoir (the Caspian Sea, actually a lake), and Armenia is a land-locked state. Georgia and Azerbaijan border upon Russia which is usually supposed to be the major threat to the statehood of both (this assumption must be analysed in more detail). Armenia has no direct border with Russia and this objectively implies the former's policy to be the most pro-Russian in the area (certain Russian nationalists consider Armenia 'Russia's key to the Middle East'). All the immediate neighbours of Armenia might be considered by the latter if not directly hostile at best as 'watchful-neutral', in that towards all of them (except Iran) the popular Armenian sentiment, nourished by generations of the historians and writers, is that 'they owe us certain territories': quite a factor notwithstanding that official statements usually denounce such claims. This circumstance makes the maintenance of peace very doubtful in the region if a stronger hand from without is not interested in it.

**B. Boundary patterns:** after the first collapse of the Russian Empire the Baltic nations obtained in 1918 political borders mostly coinciding with ethnic ones. No substantial minority of any Baltic nation was left in another state and the population of each was mostly homogeneous: in the 1930s Latvians (with Latgals) comprised 76 percent, Lithuanians - 80 percent and Estonians 88 percent of the respective states [Great Soviet Encyclopedia, 1933, 1938]. This can be explained by the fact that no such states as Estonia and Latvia ever existed before 1918 and therefore no historical borders could have been claimed. Lithuania had territorial claims towards a state from without the region (the historical capital of Lithuania - Vilnius was incorporated into Poland which was also restored as a state in 1918). It is important that towards each other the Baltic states had no ethnic-territorial claims. When in 1940 these states were forcibly incorporated into the USSR and turned into 'Union Soviet Republics' their borders with each other were preserved. (Small territories were annexed from Estonia and Latvia to Russia, which creates some problems in international relations in the area but not between the Baltic States; a recent dispute over sea boundaries between Latvia and Lithuania does not seem to be insoluble).

On the other hand, when the new independent states appeared in the Transcaucasus in 1918 their borders were delimited according to the administrative division of the former Russian Empire which never followed ethnic lines at all but aimed at creating heterogeneity (partially this was caused by the sequence and pace of incorporation into the Empire of the different territories during the 19th Century, but predominantly it was a deliberate imperial policy). Therefore independent Armenia got within its boundaries a large Azeri minority residing in the former Yerevan Gubernia; independent Azerbaijan a large Armenian one residing in the former Baku and Elisavetpol (Gianje) Gubernias (the latter comprised the ancient Khanate of Karabakh with the prevailing Armenian population); and independent Georgia got Armenian and Azeri minorities, residing in the former Tiflis (Tbilisi) Gubernia. In addition Georgia had local ethnic minorities residing along the Russian border.

Among these new states Georgia had had a relatively recent statehood (abolished in the early 19th century, see below), and relatively distinct historical borders (which didn't coincide with the ethnic borders at the time of acquiring of independence). Armenia had had its historical statehood abolished almost a millenia before, and its claims of new boundaries mostly implied incorporation of the area of the spread of the Armenians (in Turkey before 1915 such an area was really large). The Treaty of Sevres (1920) promised Armenia a much larger area at the expense of Turkey but the Treaty clauses were never implemented.

Azerbaijan had no historical statehood under that very name, although the religious (Shi'a Muslim) and linguistic (Turkic) homogeneity of its population made the forging of the nation easier. Its quite large irredenta was left outside its borders.

The wars for territorial redistribution began in the Transcaucasus in 1918 (the Armenian-Georgian War, stopped by British intervention). There was already tension over the possession of Nagorny (Mountainous) Karabakh.

After the Russian Bolsheviks restored the Empire (now called 'the Soviet Union') and incorporated the Transcaucasian states under the titles of 'Soviet Socialist Republics' they redelimited their borders, but did this in such a way as if to leave 'delayed action mines' (that actually blew up 70 years later). It looks as if some actions of the Kremlin were to some extent influenced by their good relations with Ankara. At least the creation of the Autonomous Republic of Adjara within Georgia and the Nakhichevan Republic within Azerbaijan (up to the mid-1930s Nakhichevan formally remained a 'protectorate of the Azerbaijan SSR') were influenced by this external factor. But the creation of the other autonomous units (the Abkhaz Republic - later Autonomous Republic and the South Ossetian Autonomous Region within Georgia, the Nagorny Karabakh Autonomous Region within Azerbaijan) were entirely the internal affair of the Soviet leaders.

**C. Attitudes of the International Community:** All the Baltic countries were recognised as independent states by the Western powers in the early 1920s after Soviet Russia signed treaties with them. Despite the annexation of the Baltic states by the USSR in 1940 the West continued to regard the former as existing but occupied. The three Baltic Soviet Republics seceded from the USSR in September 1991 and the then All-Soviet Government recognised the legal character of this act. Simultaneously the international community was happy to restore their relations with the Baltic states, who got adequate aid from the Western World.

However, among the Transcaucasian states only the Democratic Republic of Georgia (the official name of the State) was *de-jure* recognised by Bolshevik Russia in May 1920 and, only after this happened, by such European powers as Great Britain, France, Germany, Italy, and also by Japan, Turkey, etc. But the USA never recognised Georgian independence in the 1920s. The other Transcaucasian republics got only *de-facto* international recognition. The signing of a treaty with Georgia was no moral obstacle for the Bolsheviks to invade the 'recognised state' in just eight months' time and to establish forcibly the Soviet regime there (February-March, 1921; the other Transcaucasian States were sovietised and reabsorbed by the Russian Bolsheviks even earlier - in 1920).

Although Georgia formally restored its independence on 9 April 1991 it was *de-jure* recognised on the spot only by Romania (which presumably needed such an act as a precedent for the recognition of Moldova). The rest of the World recognised Georgia, as well as the other former Soviet Republics only after the formal dissolution of the USSR (22 December 1991).

The Western powers' attitude towards the Transcaucasian States continued to be 'diluted' by their relations with Russia. But as the oil interests of the West in the Transcaucasus increase the former will probably be more ready sometimes to oppose the Russian dictate. First of all such an object of additional interest to the international community will be Azerbaijan, whose oil resources are immense.

### *Cultural-geographical differences*

Cultural differences in the Baltic region, although present, are not as sharp as in the Transcaucasus. The Catholic Lithuanians and the predominantly Lutheran Latvians and Estonians (their minorities confess Orthodox Christianity), the Lithuanians and Latvians belonging to a single group within the Indo-European linguistic family, while the Estonians to a different linguistic family (akin to Finnish) still all can be attributed to the West-European cultural realm. Subethnic differences although still existing (e.g. the Latgals even had written literature up to the 1930s, but now consider themselves a part of the single Latvian nation; almost the same can be said about the Zemaitis within the Lithuanian nation), do not affect the statehood of any of the Baltic nations.

On the other hand, all the three major nations of the Transcaucasus belong to different linguistic families and religious faiths. The Armenians, linguistically Indo-European, confess a 'national religion' - Monophysite Christianity.<sup>2</sup> The Azeris, linguistically Turkic and from this point of view very close to the [Anatolian] Turks, are predominantly Shi'a Muslim, which historically made them culturally closer to Persia, not Turkey. The Georgians, belonging to a separate linguistic family (Kartvelian, comprising only the Georgian subethnoses), confessionally belong mostly to the world of Orthodox Christianity which in older times made them culturally closer to the 'Second Rome' (Constantinople) and later to the 'Third Rome' (Moscow). Besides, every tenth Georgian (the Adjarian subethnos) belongs to Sunni Islam, which makes them culturally closer to Turkey.

In spite of the afore mentioned differences, all the three Transcaucasian nations, because of a long coexistence within one superstate (the Russian, later - Soviet, Empire) and a long tradition of collaboration, have some similarities in culture and way of life (this applies even more to the Georgians and Armenians, who have a tradition of intermarriages as well). All of them claim to belong to (or at least - the closeness to) European culture. Even the Azeri elite, with its, in essence, Islamic and Middle Eastern traditions, stresses its adherence to European cultural values.<sup>3</sup> It must be said, in all fairness, that in none of the Transcaucasian nations is religion given a special significance and no fundamentalism (Muslim or Christian) can be envisaged at the moment.

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<sup>2</sup> Furman D., The Armenian National Movement. History and Psychology. *Svobodnaya Mysl*. Moscow (1992), 16: 22-23 (in Russian).

<sup>3</sup> Furman D., Returning to the Third World. A Sad Story of the Azerbaijani Democracy, *Svobodnaya Mysl* (Moscow) (1993), 11: 16-29 (in Russian).

## **The Transcaucasus against the background of the world: historical and geographical aspects**

What unites the state? R. Hartshorne defines the state-idea as the major centripetal force. In effect, if such an idea doesn't exist no state can emerge. But merely the existence of such an idea is no guarantee for the appearance of a state. The idea of statehood is connected with an idea of a united nation. This is true of modern states and it was to some extent true of the middle ages as well, when nation-states started to emerge in Europe. A similar process occurred in the Transcaucasus, where the Western and Eastern Kingdoms of Georgia ('*Abkhazta samepo*' and '*Kartvelta samepo*', respectively) merged peacefully in the tenth century. By that time the Georgian hagiologist Giorgi (George) Merchule formulated a definition of the ethnic territory of the Georgians that became axiomatic in medieval times: 'Georgia is reckoned to consist of those spacious lands in which church services are celebrated and all prayers said in the Georgian (*kartuli*) tongue' [Lang, 1966, 109]. Within a century or so after Merchule enunciated his doctrine, the area where the Christian (Chalcedonian) liturgy was followed in Georgian comprised the whole territory of the present-day Georgia. On this territory there existed a common iconography - first of all a common religious culture and common name of the state '*Sakartvelo*' - it remains until today the name of the country ('Georgia' is the European name of the country). The core of this medieval kingdom (actually an empire) by the 12th century unified most of the Transcaucasus with peoples of different ethnic or religious roots.

But centrifugal forces appeared to be stronger, after a serious external enemy (the Mongols) arrived. The weakness of integrating factors within the feudal society in crisis didn't permit the East European (among them the ancient Russian) and Middle Eastern states to resist the not very numerous hordes of the nomads. Nevertheless after this 'Mongol-Tartar' yoke became looser the territories where internal impulses of development were better preserved, restarted their political development. But the territories that appeared to be on the periphery, were not able to do the same. The Transcaucasus was a typical periphery and just a glance at the map explains almost everything.

During the last two millennia the Transcaucasian region was a peripheral part of the empires situated in the south of a relatively narrow isthmus between the Black and Caspian Seas limited from the north by the high wall of the Great Caucasus Range. Thus expansion to the north couldn't be a normal event in the Transcaucasus. Even the Persian Empire of Achemenides was unsuccessful when invading what is now Southern Russia and Southern Ukraine. The open steppes (known as 'Wild Field' by the Russians) were good for the nomads, not for the sedentary peoples of those days.

Only for a short period (the 11-13th centuries) did the 'Transcaucasian Empire' (formally, the united Georgian Kingdom where not only the Georgians lived, naturally) play an important political role in the Middle East: the Kingdom expanded



to the south beyond the Transcaucasus proper and even attempted to colonise the North Caucasian foothills, beginning with the Orthodox-Christian missionary activities. This short-lived advance of the Transcaucasus became possible to a large extent because the old empires or regional superpowers either sharply declined (Arab Khaliphate, Byzantium) or had simply disappeared (Iran, Khazars), while the forces of the only viable regional empire, that of the Selchuk Turks, were diverted against the waves of crusaders invading from the west.

Incidentally this period of the advance of the Transcaucasus coincides with the A-phase of the first logistic wave (c.1050 - c.1250), which relates to the rise of material production in feudal Europe.<sup>4</sup> Then a two century long B-phase of real decline in production ('the crisis of feudalism') followed. But whereas this crisis ended in Europe with the birth of capitalism, in the Transcaucasus the crisis turned into permanent stagnation. It is incorrect to attribute this only to external aggression. To no less an extent this is connected with the sharp deterioration of the economic-geographical location of the area. The discovery by the western Europeans in the 15th century of the ways to India and the New World for a long time made the eastern Mediterranean, and even more the Black Sea basin, a remote periphery for western Europe. Besides, after the fall of Constantinople the Black Sea became 'the Ottoman Lake' and contacts with the West almost ceased. The caravan routes lost their importance, and the local towns lost incentives for growth.

The emergence of the regional superpowers - the Ottoman and Safavid Empires and the appearance in the area of the Muscovy state (later transformed into the Russian Empire) in the 16th century, made even more clear the peripheral character of the Transcaucasus. As a result of the Ottoman - Persian wars of the 16-18th centuries the Transcaucasus was divided into spheres of influence and its southern parts were gradually absorbed by the victorious side. Thus was incorporated into the Ottoman Empire a Georgian state - Samtskhe-Saatabago (it became '*vilayet-i-Gurjistan*' - 'Georgian province' within the Empire), southern part of the Guria Principality (modern Adjara); all the lands settled by the Armenians were divided - the part lying in the Transcaucasus was annexed by Persia, the rest found itself within the Ottoman Empire.

Quasi-statehood was preserved in the northernmost part of the region, on the territory of the ancient Georgian Kingdom, where local Christian monarchs sometimes attempted to reunite the state. On the territories of the modern Armenia and Azerbaijan in the late Middle Ages local statehood was absent. East Georgia actually achieved unification by the mid-18th century and even became a subject of international law: at least the Russian Empress Catherine II signed a treaty with an [East] Georgian King.

The latter fact didn't prevent a Russian Tsar, the grandson of the same Empress, in complete violation of the treaty, annexing almost the whole of Georgia to

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<sup>4</sup> Taylor P., *Political Geography: World-economy, Nation-state and Locality*, Longman Scientific and Technical: Harlow, UK (1993), p. 16-17.

the Empire in 1801-1812. Later the other parts of the Transcaucasus were annexed to Russia. The region as a whole was too weak to resist its incorporation into a world empire. As a mini-system it was gradually incorporated by the Russian Empire during the 19th century and underwent a transformation.<sup>5</sup> This event had some positive results for the region as well: e.g. for the national consolidation of the large ethnic groups of the Transcaucasus the incorporation into the Russian Empire appeared more preferable than it might have been if the region had entirely become the prey of a Muslim Empire.

At the same time it must be stressed that the Russian Empire (and its successor - the Soviet Union) was not a part of the core region, remaining (after Wallerstein) economically a semi-peripheral state and being itself exploited by the core. But the Empire in its turn exploited the periphery, which was, in contrast with the sea-based empires, directly included into the state as a nearby territory and colonised. The last peculiarity made the possibilities of the local ethnic groups to secede from the Empire rather difficult. Besides, Tsarist Russia (and later the USSR) attempted to create an ethnic mosaic in all its peripheral parts.

A certain westernisation of the elite's consciousness in the period of the Russian domination contributed to the development of the ideas of nationalism in the Transcaucasus. This ante-state nationalism found a stronger base among the Georgians and the Armenians: being both Christian peoples it was easier for them to adapt to the Western ideals of nationalism. The Turkic peoples of the region (the base of the future Azeri nation) possessed a feeling of unity that was more religious than ethnic. At the same time the capitalist development of Baku had been strengthening the formation of an Azerbaijani elite with a marked ethno-national self-consciousness.

A definite increase in Georgian national self-consciousness and the rapid integration of the different Georgian subethnic groups into one nation occurred in the second half of the 19th century. This made the imperial government rather suspicious and as a counter measure Abkhazian nationalism was encouraged on the eve of the 20th century and deliberately directed in an anti-Georgian way. Such a step proved to be a successful one (for the Empire).

On the other hand a marked adaptation to the economic and civil life in the large economic (and political) space was taking place and this affected mass consciousness as well. During the 19th century at least there were no secessionist movements in the area. Moreover, when the Russian Monarchy was eliminated and the Empire collapsed, the local ethnic elites that came to power for the time being didn't desire to secede and even maintained some sort of regional unity (the 'Transcaucasian Seim' of early 1918). Actually the independence of the separate states was declared on 26 and 28 May 1918 only under the harsh influence of the then victorious central powers: Germany promoted the statehood of Georgia the most in 1918 (with its own interests in mind, naturally); the Ottoman Empire favoured Az-

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<sup>5</sup> Ibid., p.8.

zerbaijan in a similar way, especially after the panturkist party of Mussavat came to power in Baku.

After the Entente was victorious in the First World War, the fortunes of the Transcaucasus changed. The Western powers actually permitted Soviet Russia to return to its demesne. Azerbaijan with its oil resources was of vital interest to Moscow. After the oilfields of Baku were regained (Spring 1920), the Georgian city of Batumi was required - as a pipeline terminal and the best port on the eastern littoral of the Black Sea. It was reannexed to Russia, after bargaining with Turkey, together with the whole of Georgia, whose armed forces resisted for a month (February-March, 1921).

Under Soviet power, despite the solemn declarations of the local - mostly ethnic - partocracy of the adherence to the 'Socialist internationalism' some sort of 'anti-state nationalism' was practised and the new nations were actually forged. The same was happening in the other Union and Autonomous Republics and Regions. Introducing some type of political borders on ethnic lines implies some sort of nationalism as well. As the Union Republics of the USSR became subjects of secession so the autonomous units within the Union Republics attempted this also. In the weaker Union Republics such a separatism could have some success especially if it received substantial support from outside.

### **Towards state-building: the Transcaucasian nations compared**

The Transcaucasian nations, in spite of some similarities, have quite distinctive differences in their possibilities of state-building. There is no doubt that all of them will maintain statehood and will achieve some success in this way. But this will be achieved more or less painfully and in the near or distant future. Some political-geographical peculiarities are discussed below.

#### *Armenia*

Sovietisation in late 1920 actually saved Armenia from the advancing Turkish armies, which might have meant the disappearance of the latter from the political map. As the price for this salvation by the Bolsheviks Armenia was forced to drop its territorial claims towards its neighbours. Thus the Nakhichevan area was ceded to Azerbaijan and Nagorny Karabakh remained within the former; the Georgian province of Javakheti (inhabited mostly by Armenians since 1829) remained within Georgia (although a smaller part of the territory of the former Georgian Democratic Republic was allotted to Armenia). Parts of Eastern Anatolia where earlier the Armenians constituted a large proportion of the population were left within Turkey and the former do not live there at all now (due to the ethnic cleansing of 1915-1918).

In spite of such developments it appeared easier to achieve homogenisation on the smaller territory. Soviet Armenia started to play the major role in the cultural

and political life of the Armenians who were earlier scattered in the other urban areas of the Transcaucasus, the Ottoman Empire and Russia. The large influx of Armenians into the Republic which served as the 'melting pot' of the nation helped to avoid the formation of distinct subethnic groups. The Armenian nation became the most consolidated.

The ethnic minorities gradually left the Republic, first of all the substantial Azeri population constituting almost a third of the total in the 1920s (especially rapid was their exodus in 1988, after the Nagorny Karabakh crisis acquired a dramatic scale). Thus by the 1990s Armenia became the most homogeneous state in the area, the ethnic Armenians composing 97 per cent of the total population. This peculiarity is of the utmost importance in state-building.

The successful war with Azerbaijan permitted Armenia to forge quite effective armed forces.

Very influential Armenian lobbies in the USA and the rich diasporas in some other countries provide substantial help for the economic development of the country and for maintaining Armenian statehood. The role of Russia is dubious but it is predominantly favourable towards Armenia.

On the whole Armenia will probably have the fewest problems in state-building in the area.

### *Azerbaijan*

The formation of the territory of Soviet Azerbaijan at the beginning of the 1920s took place against the background of long disputes. These mainly concerned the mountainous part of the Karabakh province, which was principally inhabited by Armenians, and which in the period of the Russian Empire was part of the Elisavetpol Gubernia (formerly Gianje; this name was restored at the end of the 1980s). Both the independent and the Soviet Armenia claimed this territory. Finally the Politburo of the All-Russian Communist Party of Bolsheviks - the real leadership of Soviet Russia, and later of the Soviet Union - decided to leave Nagorny Karabakh as a part of Azerbaijan, giving it the status of an Autonomous Oblast.

Of course, the Kremlin was not concerned about the fact that the ethno-territorial questions in the Transcaucasus were not solved. Strategically this seemed even more advantageous: all the states were appealing for help to Moscow.

The fact that the problem of Nagorny Karabakh was not settled complicated the process of state building in Azerbaijan in the 1990s. Due to the unsuccessful war with Armenia raging since 1988 a large part of the state was under the occupation of a foreign power and over a million IDPs (Internally displaced persons) create serious social and political problems for the young state.

To the credit of Azerbaijan works the creation of the national iconography, based on ethnic, not religious lines under Soviet rule. Even the new name of the nation ('Azerbaijanli') instead of a vague 'Turk' or 'Mussulman' was introduced by or-

der from Moscow in the late 1930s: the Kremlin feared panturkism and panislamism more than ethnic Azeri nationalism.

There is no doubt that the importance of this state to the international community increases because of the immense oil resources beneath the Caspian Sea. Transnational corporations are interested in the strengthening of Azerbaijani statehood. Although much depends on the attitude of Russia, which is eager to maintain its influence in the Caspian Sea basin, this can be partially balanced by the overall support of Turkey for Azerbaijan.

### *Georgia*

This country was involved in several civil wars after its independence was restored. There was an intra-Georgian civil war (1991-1993) that left a moral wound which is only with difficulty healing. Actually the division of Georgian society into Zviadists and Antizviadists was one of the causes of the relatively easy (presumably temporary) triumph of separatism in Abkhazia. This division does not imply particular subethnic differences but goes through all the society sometimes dividing even families.

Another negative factor for normal state-building is the attitude of Russia, for which Georgia was the major foothold of dominance in the entire Caucasus. The imperialist mentality in Russia fears losing this foothold and in practice uses 'delayed action mines' i.e. the autonomous units created in the early 1920s.

The facts show that the Kremlin insisted on the creation of autonomous units within the Soviet Republic of Georgia with the aim of preventing nation-state building. A secret report of the Soviet military attaché of April 1921 (disclosed in 1993) makes clear a typical way of thinking in those days. The attaché urged the dismembering of Georgia into the smallest autonomous units: 'the smaller these units are the more they will remain under the influence of the RSFSR'.<sup>6</sup>

The well-known conflicts in Abkhazia and former South Ossetia were mostly nourished from outside. Thus state-building in Georgia is very much hindered by the existence of the autonomous units within its borders.

Georgia has no specific friends abroad - neither an influential Diaspora (as the Armenians have), nor any 'brother nation' (as Azerbaijan has in Turkey). Until now no serious oil or gas resources have been discovered in this country that would have made transnational corporations attentive and friendly. The country ought to rely first of all upon its own forces. Although history has taught the Georgians that Empires are the least reliable partners, political realities force the political elite of this country to understand the specific interests of its great neighbour Russia and to adjust to them while attempting to reach the final goal.

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<sup>6</sup> Sitin P., 1921 [Report to the Government of RSFSR, 22-30 April 1921. Material From the Georgian Central State Archives: Fund 1874, Inv. I, File 4], *Iveria Expressi*, No-s 127-135, 15-24 August (in Russian).

But there are some positive factors for state-building as well. First, in spite of subethnic differences Georgia is mostly a consolidated nation; and second - the location of Georgia. At the moment this location has acquired more value because of the route of the transportation of the Caspian oil through Georgia being acceptable to many sides: transit through the territory of Iran is being blocked by the USA, through Armenia by Azerbaijan (being in an actual condition of war with the latter) and full scale transit through Russia by the unfinished war in Chechnia and the restrictions imposed by Turkey on supertankers passing through the Black Sea straits. This economic factor may influence politics as well and help Georgia in its state-building.

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## ENERGY RESOURCES OF AZERBAIJAN: POLITICAL STABILITY AND REGIONAL RELATIONS

Vladislav Shorokhov\*  
(*Russia*)

### Introduction

Oil riches have been playing and continue to play a great role in the fate of Azerbaijan which has the most significant prospected resources among the countries of the CIS after Russia. Following the dismantling of the USSR and the creation of independent states on its territory, the geopolitical situation in the region has essentially changed. Azerbaijan turned out to be at the centre of the geopolitical interests of the regional and super-powers: Russia, USA, Great Britain, Turkey and Iran.

At the present moment Azerbaijan, possessing prospected oil resources amounting to about 4 billion tons (80 per cent of which are sea deposits), together with Kazakhstan and Turkmenistan may create the third largest region of oil extraction in the world after Siberia and the Persian Gulf (the total sea reserves in the region of the Caspian Sea amount to 10 billion tons of oil and 6 billion cubic meters of gas). As a result the Republic can become a strong regional economic, and that means political, power. It is unlikely that such a prospect is in line with the interests of Russia, which link the oil extraction and transportation with the status of the Caspian Sea and its ecological problems. Preserving the monopoly on oil transportation could give Russia the possibility to control the resources of Azerbaijan, which guarantee its economic independence. In their turn the Western countries, the USA and the Great Britain in the first place (the main opponent of Russia in the Middle East during the last two centuries), have also announced their (mainly) economic and political interests in the region of the Caucasus and Central Asia adjoining the 'shatter belt' (the focus of conflict of interests of the superpowers for many years) from the North. Turkey, having its own regional interests, is also moving forward ecological demands concerning the control of shipping in the zone of the Black Sea straits. In this way the contradictions between these states, which externally look like a clash between the thermo-energy complex (TEC) of Russia and the Western oil

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\* **Vladislav Shorokhov** is a Fellow of the Institute of Europe at the Russian Academy of Sciences.

companies for the energy resources of post-soviet Azerbaijan, are linked with the search for its external political orientation, which will form its transport and political space. As the transport infrastructure will define the future links of Azerbaijan (and possibly of the whole region of the Transcaucasus and Central Asia) with the external world, the choice between the transport routes has become aggravated.

### **The Problem of the Status of the Caspian Sea**

However, oil extraction from the Caspian Sea has not been legitimate so far due to the unregulated nature of use of the reservoir. Two agreements define the regime of exploitation of the Sea - the Russian and Persian one of 1921 and the Soviet - Iranian one of 1940. But these agreements do not contain provisions about utilising the resources of the sea bed. Thus, it is impossible to blame the coastal countries for not maintaining the existing legal regime of the Caspian Sea if that does not exist juridically. The work of the Caspian coastal states on new agreements about the Caspian sea started on the initiative of Iran in February 1992, i.e. almost immediately after the USSR fell apart. Already in autumn, 1993 Russia moved a question about the status of the Caspian suggesting that its territorial waters be limited to the 10-mile zone and the colossal oil reserves (120-miles from the coast) would stay within it. If the Caspian Sea is juridically considered to be a lake then none of the norms of international maritime law are applicable to it. On the other hand, if the Caspian Sea is not a lake bordered by different states but a sea it should have a free passage to the world oceans, exempted from all taxes - and Russia (since the spring of 1994) imposes a tariff on all international vessels passing through the Volga-Don channel at international rates - \$10,000. Russia also offers to conclude a bilateral agreement about the protection of biological resources and the environment without defining the status of the reservoir and of the responsible parties. In the opinion of Mr.A.Kozirev, the former Minister of Foreign Affairs of Russia, 'The Caspian Sea is only called a sea, but in essence it is an internal reservoir. When the word 'sea' is applied to the Caspian, it is a literary epithet, nothing else'.

Azerbaijan, Kazakhstan and Turkmenistan are trying unilaterally to activate the exploitation of the resources on the territory of the sea sectors adjoining to them. While not denying verbally the international character of the Caspian, Baku, Alma-Aty and Ashkhabat actually strive for the realisation of the idea of the division of the sea into economic zones.

The position of Azerbaijan and Kazakhstan is that consideration of the Caspian as a lake or a sea does not change to any extent the results of its division into sectors which are formed by means of drawing a line down the middle. Moreover, each coastal state uses its sovereign rights to exploit the sector belonging to it.

According to the approach of Russia and Iran, it is necessary to accept the principle of common utilisation of the Caspian (the principle of condominium). The



circumstance that the Caspian was the sea of two states - the USSR and Iran - is used as an argument. But the practice of making use of the Caspian by the Soviet Union and Iran suggested the separate utilisation of the resources of the reservoir in two sectors divided along the line of Astara - Gassan Kuli. Besides, the Union republics composing the USSR have been exploiting the riches of the Caspian according to the principle of division through the middle and this practice has existed since the 70s.

Finally, the Iranian side would have preferred to maintain valid the agreements concluded by Soviet Russia and the Soviet Union, otherwise Iran would have had significant losses.

All the states consider that unilateral actions of Azerbaijan before an agreement on the status of the Caspian are not legitimate, although this is the only way of expressing the solidarity of Turkmenistan and Kazakhstan with Russia and in reality they are striving for the same thing. Turkmenistan has abstained so far from making definite pronouncements.

Each state makes an attempt to adhere only to those agreements which are beneficial for it. Russia considers that only the agreements of 1921 and 1940 are legitimate. But on another part of its frontier - with Estonia and Latvia, the agreements of 1920 are considered to be obsolete by Russia (to say nothing about the Treaty on Conventional Armed Forces in Europe (CFE Treaty, 1990). Moreover, the Ministry of Foreign Affairs announced that it proceeds from 'the border and the international norms in this sphere which exist today'. On the other hand the Caspian coastal countries call on Russia to recognise only whatever has existed since the 70s.

Meanwhile the Convention of the UN on Marine Law (1982) signed by more than 150 states, the USSR among them, unequivocally strengthens the sovereign rights of the coastal state on the 'prospecting and exploitation of the natural resources of the continental shelf'. In compliance with the Convention, jurisdiction of the coastal state is applicable to the creation, exploitation and utilisation of artificial islands, installations and equipment and the carrying out of maritime scientific research on the continental shelf. The coastal state is specially entitled to allow and to regulate, using its own discretion, the 'carrying out of drilling works and the creating of artificial installations for economic objectives'.

### **A Portrait of the Sides - the interests of the super- and regional states**

A further issue, the most important geopolitical crux for making use of the energy resources, is the route of the export pipeline. The Asian-Caucasian Region (ACR) is located deep in continental Eurasia and there were many alternatives for constructing the pipeline depending on physical and geographical, political and economic factors. Political considerations, no doubt, played a great role, when Heidar Aliev's government was finally making decisions about the routes for the pipeline.

The main factors in these developments were conflict regulation and the military presence of Russia in the Caucasus.

The line of confrontation between the East and the West has shifted towards the Transcaucasus and come closer to the 'cold war' for oil. The problem of the energy resources of the Caspian became the 'key' to the Asian-Caucasian Region, which can influence the foreign policy orientation of these states for the next decades. From this point of view regulation of the Caucasian conflicts is seen in a new light: those of Karabakh, Abkhazia and Chechnya; and the possibility of the manipulation of the route of the pipeline in order to clarify the territorial arrangements of Azerbaijan and Georgia.

This is exactly what Turkey and the Transcaucasus are striving for - for the union of Georgia and Azerbaijan (like the Benelux). The alternative viewpoint of Russia is directed to a greater extent at Georgia and Armenia. Furthermore Azerbaijan falls out with its interests in the regulation of the Karabakh conflict. And this has turned out to be the main blunder of the foreign policy of Russia in Transcaucasia in the 90s. The territorial issues of Kurdistan in Turkey and South Azerbaijan in Iran adjoining the Caucasian conflicts proper significantly influence this problem.

A potential menace to the security of Russia is the Asian-Caucasian Region with its conflicts, and due to this the south wing of the peacekeeping forces of Russia has been strengthened, exceeding the quotas of restrictions of the conventional armed forces in Europe (CFE Treaty, 1990). But Russia made many attempts in the Transcaucasus to create that very instability which it condemns now. In its turn, Turkey as a regional power endeavouring to unite Turkish states into a union, is against reconsideration of the CFE Treaty. Azerbaijan in the Transcaucasus, in this way, plays a role similar to the analogous role of Ukraine in the east European region of the CIS, constituting a buffer between Russia, Iran and Turkey.

The groups of western corporations, first of all, Anglo-American, in union with Turkey, endeavour to promote the latitudinal direction towards Central Asia. Another one - a meridional - is being formed as a counterbalance to this oil alliance: Armenia has been chosen as a strategic ally of Russia.

By 1996 the Russian pipeline system will no longer be able to satisfy the export needs of Russia, Kazakhstan, Azerbaijan and other countries of the CIS. On the territory of Russia there are neither new super-big deposits, nor oil-bearing regions which could become the strategic basis for the development of oil extraction. That indicates the necessity of maintaining to the maximum good relations with the southern neighbours - these countries can be considered to be the object of expansion for the Russian TEC. The TEC and the government do not support any attempt of pressure from Russia upon the countries of the CIS which have energy resources; particularly the announcement that they are zones of special interest, because this is considered to be ineffective. It is necessary to have a chance of expansion now while everything has not been divided yet. That was the moot point between the Ministry of Foreign Affairs (MFA) and the Government. The MFA insisted on trade and financial sanctions against Azerbaijan, nevertheless the Government of Cher-

nomyrdin supported the contract. The attitude of Russia towards the problem of oil extraction depends on the extent of the agreement of the MFA, the government of the Russian Federation and the Ministry of Fuel and Energy on this matter.

On the other hand, the western companies themselves are not interested in the immediate elaboration of the structure of the CIS and justifying themselves by the pressure from Russia are carrying out their long-term and not short-term interests. It will take 30-50 years for Asian-Caucasian oil to find its place on the world market. Thus except for the oil-extracting states nobody is interested in the immediate utilisation of the resources.

In the beginning the West favours the passage of the pipeline via the Karabakh part of Azerbaijan, Armenia, the Nakhichevan part of Azerbaijan and Turkey - hoping in this way to regulate the Karabakh conflict and free Armenia from Russia's influence. Although after the active intervention of the West in the conflict settlement: the creation of the Minsk Group of the CSCE in 1992; the joint American-Turkish-Russian initiative (3+1) in 1993; and the replacement of three states - the chairmen of the Minsk Group (Italy, Sweden, Finland), it became finally obvious that Armenia does not intend to give its consent to that route. Azerbaijan is categorically against it too following the activation of the peacekeepers in autumn 1994 (adding the OSCE, a new status of mediator, the provision for bringing in the separating troops) now a sluggish, sometimes interrupted negotiatory process is being observed.

In 1994 Azerbaijan was successfully lobbying for the Iranian route - although after the exclusion of Iran from the consortium in spring 1995 this option became unreal. At the same time Azerbaijan categorically repudiated the route via Karabakh, Armenia, and Nakhichevan to Turkey considering that this would make the republic strongly dependent on the position of Armenia which is unacceptable for Heydar Aliev. Proceeding from this the only routes left were the Georgian and the Russian - and these very routes will be realised.

The position of Armenia and the attitude of Azerbaijan and Turkey towards it are defined by the regulation of the Karabakh conflict. However, Turkey and Azerbaijan have different attitudes towards the Armenian route of the pipeline.

As before, Ankara is tying up the normalisation of Armenian and Turkish relations with settling the Karabakh conflict. But the demands of Turkey became no less categorical despite the unconcealed efforts of Azerbaijan to frustrate the rapprochement that had started. The new approach of Turkey in its attitude towards Armenia, apart from other things, are linked with the striving of Ankara to take part in the peacekeeping process in Karabakh in the composition of international forces to separate the two sides. For the sake of carrying out this goal Turkey has agreed that the future oil pipeline can pass through the territory of Armenia. It was assumed that this option, apart from the economic benefit, would have established the interdependence of Armenia and Azerbaijan and this dependence could have been a pledge of stability. Armenia would not be against this apportionment, but not at the

expense of the interests of Karabakh and its own strategic unionist relations with Moscow, striving for a full control of the future oil pipeline.

It is considered to be 'mauvais ton' in official circles in Yerevan to discuss this problem - neither the consortium, nor the countries represented in it with offers about constructing the pipeline, did not address Armenia. But as Jirair Liparityan, adviser to the president, has stated 'the question of the pipeline construction does not affect the position of Armenia'. Security for Nagorno Karabakh has not been guaranteed in order to risk it for the sake of a second-rate factor. It would have been a mistake to think that Armenia proceeding from the desire to correct the route of the pipeline could have made such concessions that will lead to a risk to its security. Money and security are different categories. But abstractly speaking, no doubt, the continuing work on the oil pipeline requires security, an atmosphere of cooperation and interaction.

The Turkish 'Sabakh' has enumerated all possible prerequisites of the development of Armenian-Turkish friendship: owing to the joint initiative of Turkey and the USA to get closer to the end of the Armenian-Azerbaijan war. 'A new stage of relations starts between these two countries as well as between Ankara and Yerevan'. Turkey is opening an air corridor to Armenia, the USA influences the government of the Republic of Armenia and the Republic of Nagorno Karabakh, the President of the USA and the President of the Republic of Armenia emphasise the significance of the future neighbourly relationship within the trio Baku-Yerevan-Ankara, 'and then Armenia will leave the occupied territories, the USA will raise the blockade against Azerbaijan, Turkey will raise the blockade against Armenia, diplomatic relations will be established between Baku and Yerevan, at the negotiations the autonomy of the Republic of Nagorno Karabakh will be broadened, and the USA and Turkey will present credits to both sides'.

Iran, which holds an ambiguous position towards Azerbaijan, during the rule of the Popular Front of Azerbaijan restricted cooperation to a minimum. And though under Aliiev the relationship between the two countries started to actively develop - they are strongly dependent on the development of the situation. The problem of the Iranian route lay heavily on the problem of South Azerbaijan. If this option were realised, South Azerbaijan would have received the stimulus of being united with the North. Meanwhile the Popular Front of Azerbaijan as a political party does not intend to deny the idea of struggling for the unification of the Southern (Iranian) and Northern Azerbaijan into a unified state. In May 1995, Elchibei stated that in his opinion in the next two to three years the Azeris will be organised into a powerful monolithic Turkish state. He called on seven political organisations acting in South Azerbaijan (their representatives were taking part in the work of the Third Congress of the Popular Front of Azerbaijan), to unite their efforts with forty organisations of North Azerbaijan that want 'the re-unification of the native land'. After the autumnal abrupt improvement of relations with Iran and the spring worsening it was not considered serious to take this route into account.

Recently the policy of Georgia was activated (after Armenia, and then Iran), which has convinced the consortium of its political stability and of the possibility of building the oil pipeline via Georgia to Turkey or to Poti using afterwards tanker transportation or to Samsun (Turkey), or to Frakia (Turkey), or to Burgas (Bulgaria) or to Odessa (Ukraine). While implementing this project Georgia will get the possibility of reliable provision of energy resources. At the same time the influence of the West and Turkey will be increased and they are striving for the creation of the transport corridor Turkey - Georgia - Azerbaijan - Central Asia and Kazakhstan. In this case the weakening of the influence of Russia in the republic and the freezing of the Abkhaz as well as the Ossetian conflicts are inevitable. But in its own turn Russia may get a bridgehead for Chechenian fighters in Georgia too.

The merit of the Georgian route is its compromise: the pipeline would not be passing on the territory of the main rivals - Russia, Turkey and Iran. In summer 1995 Tansu Ciller, the Prime Minister of Turkey was lobbying for the Georgian alternative.

Kazakhstan held a dual position in the matter of the oil route by signing an agreement with Turkey and remaining a member of the Caspian oil pipeline consortium. On one hand, the Kazakh officials state that there are no alternatives to the construction of the pipeline Kazakhstan-Novorossiisk for the delivery of the Tengiz oil. On the other hand, as the volumes of oil extraction in the next century will be very big, Kazakhstan is looking for an additional entry to the world market. In this case the most realistic version of the transportation to the Mediterranean is via Azerbaijan and Turkey.

On the whole, the struggle of the West and Russia has been concentrated on two routes: the Russian and the Georgian.

### **Development of the problem: 1990-1994**

During the last 5 years in the political arena of Azerbaijan a struggle between three blocks has developed. The supporters of the first (Elchibei - the Azerbaijani Popular Front, APF) held the position of the full independence of Azerbaijan from Russia, its exclusion from the CIS, and its orientation towards the USA, Europe and Turkey. The representatives of the second trend (Aliiev, Hassanov, Guliev) were for the balance of the traditional interests of Russia and the West, and membership of the CIS side by side with the development of the relationship with other countries. And finally, the third block (Mutalibov, Husseinov) were for the maximally close integration with Russia. The rule of each side was reflected in the foreign policy of Azerbaijan, talks about the elaboration of the oil deposits that lasted four years and about the route of the export oil pipeline.

The cooperation of Azerbaijan with the Western Companies started already in 1990 during Mutalibov's rule. In the first tender the right for working on the Azeri part of the shelf was given to Amoco (40 per cent). The share of the USSR also

consisted of 40 per cent, that of Azerbaijan - 20 per cent. In the course of multilateral negotiations (Russia, Azerbaijan, Kazakhstan and Oman) a decision was taken about the creation of the consortium for pipe laying from Kazakhstan (Tengiz) via Astrakhan to Novorossiisk (going round Chechnya). Within the framework of this project the construction of separate branches of the pipeline was envisaged for transportation of Azerbaijani oil, with a length of 1,5 thousand kilometres (half of which are old active pipelines), with a capacity of 40 million tons per annum (subsequently 75 million tons per annum) costing \$1,5 - 2 billion during a three year construction period. A line (with a capacity of 40 million tons per annum) has already been operating for 20 years in the opposite direction, providing the oil refineries of Baku with Grozno oil. Reconstruction of the oil pipeline and increasing of the export capacity of Azerbaijani oil has been planned. But implementation of this route would have led to the accumulation of large volumes of oil in Novorossiisk from Kazakhstan and Azerbaijan and that would have demanded a significant modernisation of the oil terminals. Now Novorossiisk accepted in fact all the transport burden for Russia on the Black Sea - the crude oil alone amounts to about 800 thousand barrels being daily transported from here and farther via the Black Sea straits.

Nevertheless, in autumn 1991 Mutalibov took the decision to exclude Russia from the framework of the contract: obviously it was of definite significance in the development of the Armenian-Azerbaijan conflict (the loss of the city of Khojali), during the governmental crisis of spring 1992 and Mutalibov's replacement by Elchibei. The question of the transportation of the Tengiz oil has also been solved: the negotiations between the 'Chevron' and the 'Caspian pipeline' consortium were frozen and the American company preferred not to invest. After Elchibei came to power in May 1992 work on the project of the Novorossiisk pipeline was carried out without Azerbaijan.

Elchibei (President from May 1992 to June 1993), with his pro-western disposition was inclined towards the joint elaboration of three oil deposits (Gjuneshli, Azeri, Chirag) with the consortium of the leading oil companies of Great Britain, USA, Norway and Turkey (it was precisely during A.Elchibei's rule that the Turkish company joined the project). The alliance of 'British Petroleum (BP)' - 'Statoil' started to play a leading role: in autumn 1992 a joint venture was formed together with the Azerbaijan state associations 'Azeroil' (Azerneft) and 'Caspormorneftgas' (Caspseoilgas). It was assumed that the foreign firms would own 50 per cent of the statutory capital of the joint venture, moreover the share of BP was two thirds, that of 'Statoil' - one third. In this way the interests of Russia were ignored (in the consortium as well as in the route of the oil exporting pipeline).

Out of all the seven options for the pipeline the preference was given to a Turkish one (Baku - Tebriz - Nakhichevan - Jeikhan, the other route via Turkey being Baku - Tebriz -Nakhichevan - Trabzon). The Georgian option of the pipeline (Baku - Poti, stretching for 850 kilometres, costing \$1,2 billion) from the technical point of view is the simplest and the most obvious - the length would have been sig-

nificantly less than for the other options and the locality of the lay-out of the route much more convenient. It would have been the most economical as well. The main problems of this route were: the political instability in Georgia, the closeness to the cease-fire line of the Armenian-Azeri conflict in Karabakh (at one stage it seemed inevitable that the Armenians would attack Gianje) and increasing the loading on the Black Sea straits. Two Iranian options (Baku - Hark and Baku - Tebriz - Hark, with lengths of 1060 and 1150 kilometres respectively), with a cost of \$2,5 billion, with a capacity of 40 million tons per annum) were supposed to be attached to the already existing 750-kilometres pipeline Tebriz - Hark. However, the Iranian options did not suit the companies of the USA and Great Britain (the majority in the consortium) which due to political reasons did not wish the pipeline to pass through Iran. The 'cool' relations between Azerbaijan and Iran, Elchibei's harsh statements, and his frank pro-Turkish orientation, were not conducive to these options either. From the technical point of view the Turkish option is the most difficult because the pipeline should pass through a mountainous locality, but it had an important advantage - direct access to the Mediterranean for the filling of tankers (the oil terminals Dirtoil and Yumurtalik). The chief problem of this route lay in the fact that the pipeline from Azerbaijan to Turkey would have to pass either across Armenia or Iran or Georgia, but each of these countries was considered to be politically inconvenient. The Armenian-Azeri conflict, hostilities in Eastern Turkey against the Kurdish rebels (although the route bypassed the region of such activity), and political chaos in Georgia made implementation of this project difficult. The cost of the pipeline Baku - Jeykhan (project power of 40-55 million tons per annum, costing \$1,25 - 2,5 billion, length - one thousand kilometres, construction time - two years) depended on whether it would be possible or not to link up with the existing pipeline Iraq - Turkey, which is closed at present due to the oil embargo against Iraq. The Turkish state company 'BOTASH' offered the western consortium access to this pipeline, which would have significantly reduced the common cost of the project, removing the necessity to build a new branch 600 kilometres in length. There are juridical doubts about whether Turkey was entitled or not to offer the pipeline to other consortiums when it so far had a juridically obligatory agreement with Iraq. Moreover, within the UN Security Council the mood is changing in favour of the abolition of the embargo against Iraq. The passage of the pipeline was envisaged to be along the Iran - Azerbaijani border (occupied by Armenia), through the 'Megrinski Corridor' in northern Armenia, or through Tebriz going round southern Armenia, and after, Sadarak in Nakhichevan on the territory of Turkey. Having already resigned, Elchibei confessed in his interview with 'Moscow News' that Armenia's joining the pipeline project would have meant the end of the war in Karabakh and multimillion profits for Yerevan, which would have led to the weakening of Russian influence in Armenia as well. Rumours persisted in favour of it as well about the agreement on the exchange between Armenia and Azerbaijan of the 'Lachinsky' and 'Megrinski' corridors (this project was known as the 'The Gobble Plan'). Thus Azerbaijan (and possibly Armenia as well) was farther and farther distancing itself from Russia. On

12 June the leadership of the state oil company ('Azerioil' - Azerineft) in London together with the leaders of the consortium signed a declaration about the joint elaboration of the deposits.

But the Armenian attack in spring 1993 and the demarche of Suret Husseinov brought Heidar Aliev to power (two weeks before Adulfaz Elchibei should have signed a contract in London about the creation of the oil consortium), which meant replacement of the foreign political orientation (joining the CIS) and a new stage in the negotiations about the creation of the consortium. The reaction of the interested states to the change of leader was a very characteristic one: if Russia and Iran welcomed Aliev's coming, the USA, Great Britain and Turkey took a series of diplomatic measures against him, and in Elchibei's defence, as the only legitimate President. The new leadership announced its intention to re-consider the contract with the consortium and to postpone the signing for a couple of months. In these circumstances Turkey, interested in the implementation of the pipeline project, undertook some diplomatic steps to attract Russia to its realisation. In the course of Prime Minister T.Ciller's visit to Moscow in September 1993 it was decided to create a joint working group to study the most optimal ways for oil transportation from Russia, Central Asia and the Caucasus to the Mediterranean via the territory of Turkey. An agreement about joint oil extraction in the Azeri section of the Caspian Sea was signed between Russia and Azerbaijan (23 October, 1993 - Iyri Shafranik's - the Minister of Fuel and Energy of the RF - visit) and out of the 30-per cent share of Azerbaijan in the consortium, 10 per cent was passed onto the Russian state company 'Lukoil'; furthermore, for the joint elaboration the Gjuneshli deposit was singled out (with a capacity of \$1,4 billion barrels), which till October 1993 was assumed to have been included in the contract with the western companies. Thus, distinct from the rejected option of June 1993, in the new project the working out of two and not three deposits has been considered, those of Azeri and Chirag, estimated at \$7 - 10 billion (the peak of extraction, several years after the beginning of implementation, will be approximately 30-40 million tons per annum).

In December 1993 sources in Baku referring to the opinion of experts of the Azerbaijani government were assuming that the contract with the consortium of the western companies did not correspond to the economic interests of Azerbaijan and most likely would be rejected. Probably they were close to the truth: representatives of the Turkish government supposed that Aliev had already given consent for the transportation of most or all of the oil via Novorossiisk. Natig Aliev, the President of the State Oil Company of the Azerbaijani Republic (SOCAR) had to deny information that in the course of Shafranik's visit to Baku a secret agreement has been signed which envisaged the implementation of the project of the oil pipeline construction according to the Russian version. In February 1993 the some sources ('Izvestia', 30 March, 1994) considered that the government of Azerbaijan would additionally give 'Lukoil' 12 per cent in the consortium apart from the promised 10 per cent.



But the hope of Russia that Heidar Aliev will fully refuse to participate in the consortium and would choose the Russian version, did not come true, although the signing itself was postponed several times. No doubts this was connected with the process of regulation of the Armenian-Azeri conflict (namely in March-April Sweden took the functions of chairman at the negotiations within the Minsk Group of the CSCE, replacing Italy) and with the 'specific approach' of Russia insisting on deployment of its military 'peacekeeping' force, getting back the Caspian Fleet, the border troops and the creation of the joint anti-aircraft system in the Transcaucasus. It is obvious that Russia did not support Azerbaijan in solving the Karabakh crisis - in these circumstances Aliev's government did not see any point in giving in to Russia in the matter of participation in the consortium and in the oil transportation route. A decisive step was an intergovernmental agreement in the field of oil extraction, signed during Aliev's February visit to Great Britain. According to this agreement Great Britain became entitled to invest in the extraction project. The governments of Azerbaijan and Great Britain acted as guarantors in the implementing of the commitments of BP and the SOCAR. At the April meeting of the Heads of States of the CIS in Moscow the leadership of Azerbaijan for the first time (after joining the Commonwealth) openly turned down the scheme for Karabakh reconciliation offered by Russia.

An official point of discord was the statement by the MFA of Russia to the British Ambassador at the end of April 1994 - at that moment it seemed that contradictions about the problems of the contract, the route of the pipeline, the peacekeeping process and the military presence led to qualitative changes in the official policy. Based on the thesis about the vagueness of the status of the Caspian Sea, and accordingly its utilisation, the MFA of Russia announced that the contract would not have any juridical force without a preliminary agreement with Russia. Paradoxically, during Shafranik's visit to Baku a protocol had been signed which stated that Gjunesli, Azeri and Chirag belonged to Azerbaijan, i.e. in November 1993 nobody doubted in Moscow that Aliev would turn down if not the whole contract, at least the Turkish version of the route.

Thus, rivalry between the West and Russia for the energy resources of the southern post-soviet republics till recently indirectly shown in the Caucasian conflicts shifted from the land to the sea. Furthermore, if in the land conflicts the participation of Russia and the West was not so evident, in the 'sea' ones the sides revealed themselves - since 1 July Turkey, referring to the Convention of Montre (1936) which does not take into account modern ecological demands, had established national regulations for shipping in the Black Sea straits, which restrict the passage of the super-tankers carrying oil, oil products, natural gas, or chemical fertilisers. In this case the Russian version of the pipeline (Baku - Novorossiisk) was losing sense and becoming blocked at the outlet in Novorossiisk. It is true, that Turkey proposed the idea of pipeline construction from the Black Sea (from Zonguldak and Samsun) to the Mediterranean coast of Anatolia (Samsun - Jeikhan, length - 1050 kilometres and cost \$1,47 billion), or via Thrace (from the Black Sea coast to

the Aegean Sea: length - 110 kilometres, cost - \$0,3 billion) going round the straits. At present 70-100 million tons of oil are being transported through the straits per annum mainly by Russian vessels. In the Memorandum to the Turkish Embassy of 30 June the MFA of Russia actually announced its refusal to observe the restrictions.

In summer several rounds of negotiations were held in Turkey about the contract and the route of the pipeline and each time signing was postponed. On 12 May (as if to appease the Azerbaijan side) a truce in the Armenian-Azeri conflict was reached and the intention was announced to sign a major political accord. In April, at the meeting of the Security Council of Russia a decision was taken about its readiness to bring in the separation forces of the Ministry of Defence of the Russian Federation into Nagorno Karabakh. If before that the peacekeeping forces that had been discussed included observers of the CSCE and the UN, by summer 1994 the position of Moscow became more ruthless. Russia was making an attempt to carry out a script of bringing in peacekeeping forces into Azerbaijan as it had in Georgia, which agreed upon a later participation of the UN and the CSCE control and where the peacekeeping process in fact turned out to be really 'frozen'. In these circumstances, after the final Houston round of negotiations on the contract, when by the efforts of the Azerbaijan side the role of the USA grew in the project preparation, and after the meetings in Cairo, where Aliev was persuading Gore, the Vice-President, and Ciller, the Prime Minister on the reasonableness of 'working on' the version of building the pipeline from Baku to Europe not via Karabakh but via Iran, the peacekeeping process abruptly slowed down - the unofficial visit of the Presidents of Armenia and Azerbaijan on 8 September to Moscow resulted in nothing. The success of the Houston and Cairo negotiations was the basis of Aliev's tough position at the Moscow meeting. The delaying of the regulation cast doubts upon the peacekeeping mission of Russia in Azerbaijan. It was considered earlier in Moscow that Russia would have to play the role of chief peacekeeper in this conflict and achieve the granting of a UN mandate for the implementation of the peacekeeping operation in Nagorno Karabakh. Thus, a compromise between Russia and the West was not reached by giving Russia the freedom of action in the conflict settlement in exchange for non-interference in the implementation of the oil 'project of the century'. During Madeleine Allbright's (the Ambassador of the USA in the UN) visit to Baku (5-6 September) she stated that the USA does not recognise 'the special role' of Russia in the Caucasus and emphasised that if Russian troops were even present in Karabakh, they should be under the control of the CSCE (a definite percentage of the peacekeeping forces should be composed of the military forces of other European countries).

The failure of the Moscow negotiations logically led to the signing of a contract between the SOCAR and the consortium of the western companies in Baku on 20 September. The document did not significantly differ from the February project except for a return to the field of the joint exploitation of the Guneshli deposits (reserves - 50 million tons of oil); it was planned to extract 511 million tons of oil

(assessed at \$118 billion), 253 million tons of them (\$34 billion) and 55 billion cubic meters of gas released with it for Azerbaijan and after 58 months (almost three years) from when the contract came into force, it was planned to take out the raw materials through the new pipeline, which should have been built by that time. According to the preliminary prognosis, during the first years after the beginning of exploitation by the western consortium, Azeri and Shirag alone would give approximately 30-40 million tons of oil per annum, which would mainly be used for export to European countries. According to the calculations of the Azeri experts, through its oildollars the Republic will turn into one of the richest countries of the ex-USSR by the end of this century, independent from Russia in the financial respect. Aliev's government, counting on oil as one of the main driving force of its economic future and that of rapprochement with the West, considers that the contract is absolutely vital for the economy of the Republic, which is connected with the Armenian-Azeri conflict regulation (a discrepancy in the approaches of the CSCE and Russia) - each aggravation of which coincided with the next stage of the negotiations about the consortium. The contract, which will bring the oil extraction in the Republic (at present - 10,25 million tons per annum) to the level of a small Persian Gulf state, will take Azeri interests into account. Thus, transnational oil companies (USA: 'Amoco' - 17,01 per cent, 'Pennzoil' - 9,82, 'Unocal' - 9,52, 'McDermott' - 2,45; Great Britain: 'British Petroleum' - 17,13, 'Ramco' - 2,08; Norway: 'Statoil' - 8,56; Russia: 'Lukoil' - 10; Azerbaijan: 'SOCAR' - 20; Turkey: 'Turkish Petroleum' - 1,75; Saudi Arabia: 'Delta Nimirand' - 1,68) investing finance and technology will be interested in peace and political stability in Azerbaijan. Negotiations also continued with the alliance of 'BP' - 'Statoil' and with Turkish Petroleum about the right to prospect and cultivate the gigantic deposits of Shakh-Deniz (estimated at 5-6 billion barrels of accessible oil).

The contract also has great political significance - the leading countries of Europe and the USA will pay significant attention to the problem of provision of stability in Azerbaijan and throughout the region, because destabilisation of the situation in this Transcaucasian republic will threaten the activity of the western oil companies. Thus the contract fixes the long-term orientation of Azerbaijan towards the West and launches a new stage of relations with the USA and Russia, which was clearly shown by the negotiations at the 49-th General Assembly of the UN.

After the meeting of 26 September between Presidents Clinton and Aliev, at which the prospects of implementation of the oil extraction contract as well as the problem of Karabakh conflict regulation were discussed, another meeting between Clinton and Yeltsin took place at which Azeri-American relations were considered to be of great importance. For the first time at a Russian-American summit the question of the situation in Azerbaijan was included in discussions. On 27-28 September Clinton and Yeltsin discussed the problem of regulation of the Karabakh situation and the question of the Caspian's status. Calling for the disavowing of the statement made by the MFA of Russia (20 September) that Russia does not recognise the contract concerning the exploitation of the deposits of the Caspian, Clinton

intended to provide political support to the four largest oil companies of the USA which were united in the consortium. At the same time the oil extraction project may be carried out only if the leading countries of the world, participating in the project, will take more active steps to bring the wars in this region to an end. Stanislav Kondrashov, a Russian journalist wrote: '...only in the course of a united 'civilised' integration of Russia into the world economy, to everybody's content, may the suspicions be allowed to be born out of the Baku agreement about the Caspian oil. Otherwise this is a delayed-action mine under the Russian-American relationship' (*Izvestia*, 8 October 1994). Disagreement about the American-Azeri regulation has been revealed as well: to Yeltsin's demand to recognise Russia as the main peacekeeper in Karabakh, the President of the USA emphasised that all actions taken by the Russian side in this region ought to correspond to international norms and to be taken under UN and CSCE control: the Russian regulation plan in many ways contradicts the mandate of the Minsk Group of the CSCE and its acceptance would have meant the capitulation of Azerbaijan in the conflict with Armenia and that is not within the interests of many countries that the Minsk Group consists of. Nagorny Karabakh was of greater importance at the meeting than the conflict between Georgia and Abkhazia or Tajikistan - moreover through the Minsk Group the western representatives resist actively the prevailing role of Russia in attempts to regulate this conflict. At the same time the peacekeeping activity of the USA became more active: on 27 September with the mediation of Madeleine Allbright a meeting between Presidents Aliiev and Ter-Petrosyan was held. When in May-June 1993 Azerbaijan officially agreed with the peace formula supported by the USA (3+1: the USA, Russia, Turkey, CSCE), offered by the CSCE, Armenia and the non-recognised 'NKR' refused to sign the peace plan, the representative of the USA in the Minsk Group was allowed to leave and nobody was appointed in his place. Therefore, the very holding of this meeting can be assessed as a sign of the activation of the US role in this region. The regulation of the Karabakh conflict should be recognised as one that has become on a level with the Bosnian one, a prioritative trend of American diplomacy, competing here with the Russian one is the most obvious way. In July 1994 Armitage (coordinator of American aid in the countries of the CIS from January 1992 to May 1993) energetically objected to Russian interference in the Transcaucasus, using for it all the diplomatic means at her disposal: to appoint its own representative to the Minsk Group of the CSCE; to insist on the government of Azerbaijan's signing the agreement on oil extraction; to act as a mediator in the reaching of an agreement about unimpeded transportation of humanitarian aid; to achieve the abolition of a ban on rendering assistance to Azerbaijan; to involve Russia in a high-level dialogue about this region, clearly stating that American aid to Russia in the IMF and the World Bank cannot be taken for granted while Russia creates a threat to the interests of the USA.

Thus the attitude of the USA towards the settlement of conflicts and integrational tendencies on the territory of the former USSR has one aim - to avert the spreading of Russian influence into the post-Soviet space and especially in such 'key'

republics as Azerbaijan, neighbouring with Iran, Turkey, Georgia, Russia, and Central Asia and possessing significant energy resources. The American administration let Yeltsin know that the USA has its own interests in the Transcaucasus and will protect them. It is understood both in the USA and Russia that control over Azerbaijan will mean control over oil transportation from this region to Europe. Therefore with the improvement of the relationship with the USA at the same time the Azerbaijan-Russian relationship became complicated in the immediate aftermath of signing the contract.

On 16 September the MFA of Russia once again informed the British FCO that the question of the Caspian resources cannot be examined without the determining of the Caspian's status. Inter-Russian contradictions referring to this matter were revealed (they had been brewing throughout the whole year): the Ministry of Fuel and Energy and the government of Chernomyrdin, supporting the contract, were against the MFA. According to Karasin, the Head of the Department of Information and Press, (20 September), the Caspian, '...from the point of view of international law is an intercontinental reservoir and the object of joint utilisation by all coastal states'. He stated that Russia officially recognises neither the contract nor 'the consequences proceeding from it', in the light of fears concerning the environment, and threatened 'serious international political consequences' if the project is implemented in its present state.

All this has predetermined the development of the internal political situation in Azerbaijan and led to a political crisis in the republic (as has already happened several times during the last five years), marking the external political orientations of political groupings in Azerbaijan. Aliev assessed the events in the Republic as part of a large-scale action to destabilise the situation in the Republic planned beforehand, blaming its organisation on Ayaz Mutalibov and Vagif Husseinov 'entrenched in Moscow'. Baku considered that events directly regulated from abroad were inspired by specific forces in Moscow, striving by hook or by crook to hamper the implementation of the contract on oil extraction in the Caspian Sea. A characteristic difference in the comments is as follows: 'The question is whether Heydar Aliev will be able to play off the Kremlin. There are a lot who doubt that' (Moscow News, No 17, 1994) and: 'middle-aged, ageing, who could think, a man from the political arena with seeming ease has played off a regional superpower and already today, only a few days after his success, the disposition of forces in the Transcaucasus has started to change unrecognisably' ('Nezavisimaya Gazeta', 12 October 1994). Such assessments are understandable: in former times Aliev himself was considered to be 'a man of Moscow' - in February 1993 he left for Moscow to meet with Russian politicians and western ambassadors, after which Elchibei offered him one of the key positions in the state. And in June 1993 Suret Husseinov (who was under the protection of General Scherbak commanding the 104-th Parachute Division in Gyanje which was striving to acquire the status of 'peacekeeping') made an attempt to bring back to power in Baku not Aliev (who as a strong leader, working in the KGB, was not desirable for the 'power' ministries) but Mutalibov - rumours about

his activities were spread by the end of May. But Aliev's invitation by Elchibei ruined these plans and during 1993 nobody had any doubts about Aliev's pro-Russian orientation. It was again Vagif Husseinov (ex-Chairman of the KGB) who was released from the Bailov prison by the same Aliev, during the abrupt improvement of relations with Russia and the strengthening of its positions in the consortium in summer and autumn 1993. But already in January 1994, on the eve of Aliev's visits to Turkey and Great Britain, Mutalibov met Evgeni Primakov, the then leader of the Service of External Intelligence of Russia. In opposition circles till June-July 1994 it was considered that Aliev would carry out the demands of Russia. When in May 1994 Jalilov signed the Bishkek protocol, on the initiative of the Inter-Parliamentary Assembly of the CIS, Suret Husseinov failed to exploit the political situation in the Republic. The weakening of Suret Husseinov's positions indicates a more important tendency that has been observed throughout the last year and a half - the weakened position of Russia in Azerbaijan. In September, immediately before the signing of the contract, repressions started against the Party of Labour, the activity of which step by step was directed at the destabilisation of the situation in the Republic according to 'the script of ex-president Mutalibov - the 'labourers' are considered to be the mouthpiece of Russian policy' and the 'mutalibovtsi'. In September Aliev and Husseinov also openly criticised each other (mildly). Husseinov as well as Mutalibov could return to the political arena of Azerbaijan provided one condition is taken into consideration: external support. It is obvious that the political basis for S.Husseinov's and A.Mutalibov's serious support in the regions as well as in the spectrum of political parties and blocks was absent during recent time. It is not right to say that events at the beginning of October are evidence of the struggle of regions, regional clans (those of Baku and Gianje).

The cultural and political traditions of the Azerbaijan khanate became the basis for regional protectionism during the Soviet times. However, in modern Azerbaijan it is difficult to single out regional clans in politics (while there are regional differences). Therefore, as distinct from Tajikistan, Chechnya or neighbouring Georgia, one cannot clearly identify political leaders with specific regions, although the example of Aliev or Husseinov seemed to have shown the opposite. In fact, in the political establishment a whole range of politicians act without the support of a particular region: for example, Rasul Guliev (Head of the Milli Mejlis), Gassan Gassanov (Minister of Foreign Affairs). At the same time the only famous politician identified with 'his' region, Suret Husseinov, walked out of the political game in the Republic. The same Mutalibov who was leaning on the Mafia and clerical structures of Baku and Shemakhin regions, supported by specific circles in Russia and Iran, pulled strings for Husseinov (from a Gianje clan?) against Aliev (Nakhichevan clan?), Guliev (Nakhichevan?) and Gassanov (born in Tbilisi, worked in Gianje for a long time) - where is the struggle of the regional clans here?

At the same time the NFA has quite strong positions in the Nakhichevan region - despite the fact that it is Aliev's motherland. In another region - Talish - Aliev's actions to suppress Husseinov's protege Aliakram Gumbatov, who pro-

claimed a Talish-Mugan Republic, were approved by an overwhelming majority of the Azeris as well as the Talish people.

Thus, the modern elite of Azerbaijan is based not only on regional differentiation. The main leaders of the political groupings are Aliev, Guliev, Gassanov, Husseinov. Already in 1990 Gassanov aspired to power in the republic, along with Mutalibov (who became the first leader) and Vagif Husseinov (Chairman of the KGB of Azerbaijan). Some journalists consider Gassanov to be the most 'pro-western' leader in Azerbaijan (among those who have real power). During the last two years Gassanov has been strongly pressed by Guliev, although both of them have reached their positions owing to the oil operations. Guliev (in the past the manager of the largest oil refinery) has concentrated in his hands nearly half of the real power of Azerbaijan. But now, according to the opposition, the division of spheres of influence and revenues between the governmental groups is in full swing. After the signing of the contract the political orientation has been defined: the President's team may be symbolically called a pro-Western one, and that of the opposition - pro-Russian. If Russian peacekeeping forces are brought in, the prospect of actual federalisation of Azerbaijan (on the pattern of Georgia) would become absolutely possible: while its territorial integrity would be officially recognised, with the creation of autonomies politically and economically oriented towards Moscow, the threat of their destabilisation could be used as a lever of pressure upon the central government. Aliev's opinion, different from that of Shevardnadze, is categorical on this matter: 'Federalism is a delayed-action bomb under the statehood of the Republic of Azerbaijan' (Moscow news, No 38 1994).

On the whole it is not right to consider that the regional contradictions in Azerbaijan are such that may lead to an internal political crisis. Thus, in the near future one cannot expect significant changes in the foreign policy of the Azerbaijan establishment. At the same time a rebellion or a coup d'etat may be provoked at any moment in Azerbaijan - all 6 coups during the last 5 years were caused not only by internal political crises, but by an open struggle of foreign powers for the orientation of Azerbaijan: the internal struggle is exacerbated due to the rivalry of the West and Russia for control over the oil resources.

The diplomatic steps taken to regulate the status of the Caspian Sea, the refusal to recognise the 'contract of the century' by the MFA of Russia, Mutalibov's secret support (and consequently that of Husseinov) showed that Russia strived not to lose economic and political control over such a complicated and key region of the world as the Transcaucasus. Meanwhile, Aliev managed to obtain such international security guarantees that despite expressing displeasure, Russia did not resort to 'illegitimate actions', although the contract and the route of the oil pipeline had great significance for the position of Russia in the Transcaucasus. Therefore, immediately after the 'crisis' week in Azerbaijan, on 11 October in Moscow consultations of the representatives of Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan were held linked with the shipping, the order of usage of the bio-resources of the Caspian and the problem of the water surface. Making a speech on 9 October in the Russian

TV programme 'Itogi' ('Results'), the First Deputy Director of the Law Department of the MFA of Russia, Ostrovski emphasised that 'the Caspian is an intercontinental reservoir having no links with the world oceans, and due to that fact all oil deposits in this sea are equally the property of all Caspian states (although Iran is known to carry out oil and gas exploration and extraction on its part of the shelf without any agreement - and that did not cause any objections in Moscow). It is characteristic that already in the autumn of 1993 one of the departments of the MFA of Russia advised: 'It could be expedient to pursue a policy of uniting the material and financial means of the Caspian states with the idea of creating a Caspian Union of oil-extracting states in future for the joint prospecting extracting, refining, transporting and exporting of the oil'. But of the five Caspian states, three (Kazakhstan, Azerbaijan, Turkmenistan) are interested in the division of the Caspian Sea into economic sectors and therefore the attempt to implement the legitimisation of Russian demands is unlikely. The only supporter of Russia in this matter was Iran (due to tactical reasons).

That is why the most important and unexpected step (at least for the West and Russia) was Iran joining the consortium on 11 November. In the course of the visit to Baku, the Minister for Oil of Iran signed an agreement about Azerbaijan's consent to transfer to Iran 25 per cent of its share in the contract. Thus, for the second time Azerbaijan decreased its share in the Caspian project, the initial volume of which was 30 per cent.

It is obvious that the agreements with 'Lukoil' and Iran were signed with the aim of strengthening the political positions of Azerbaijan in its attitude towards its Caspian neighbours. Also, if 'Lukoil' was allowed to participate in the contract in its initial preparatory stage, Iran became one of the participants of the contract after 20 September. It is not impossible that it was done deliberately in order to frighten the western companies with an unpredictable partner. On the other hand Russia, for a long time unsuccessfully trying to oppose the signing of the contract, announcing its non-recognition, was devoid now of its only potential ally in this matter. Moreover, Iran's joining the oil project caused an additional threat to the plans of Moscow to secure the route of the future pipeline through the territory of Russia - with the exit to the Black Sea.

The new situation, clearly, influenced the position of Russia in respect of the contract ratified by the Milli Mejlis on 15 November. It was also confirmed by the visit of President Aliiev to Moscow which took place on 17 November. According to the speeches made by the Ambassador of Azerbaijan in Russia Ramiz Rizaev, immediately after the meeting in the Kremlin, the President of Russia stated about the absence of pretensions of Russia towards Azerbaijan in connection with the oil agreement. And from 19 November the Head of the Russian MFA Kozirev stated that his office 'in principle has nothing against' the contract (although on 12 October, delivering a speech at a meeting with Foreign Affairs Deputies of the five Caspian states, he called the contract a 'so-called' one), and limited the pretensions of Russia to the necessity 'to regulate the legal status of the Caspian sea'.



The weakening of the position of Russia in the negotiations about the status of the Caspian Sea coincided with strengthening of the mediatory efforts of the West in Azerbaijan. In November the question of sending peacekeeping forces to Karabakh became the subject matter of lively debates between Russia and the countries of the West. The main cause of the activation of the Western mediation was the oil contract and linked with that the commitment of the Western partners to render assistance to Azerbaijan (which, wary of the growth of influence of Russia in the Transcaucasus, insisted on the priority of the CSCE-OSCE in the conflict settlement). It was not accidental that during these months the attention of the Washington administration towards the Karabakh problem suddenly grew, which was expressed in Clinton's promise to render financial support to the future peacekeeping operation of up to 30 per cent of the expenses).

The new programme of Karabakh conflict regulation worked out by the CSCE envisaged the deployment of international separation forces in the conflict zone amounting to the number of 1600 to 2000 military servicemen. Sweden, in the role of coordinator in the activity of the Minsk Group of the CSCE, held intensive consultations on this matter with the countries of the West, hoping to form the peacekeeping forces under the protection of the CSCE. Germany partly expressed its readiness to provide troops for this objective. All this caused anxiety in Moscow. But Russia continued to insist on the recognising of her prioritative role in the process of conflict regulation, understanding that this role (and with it influence in this region) would be defined mainly by whose troops finally made up the basis of the future peacekeeping forces.

On 3-4 November, Andres Bruner, not long before being appointed to the post of Chairman at the sessions of the Minsk Group of the CSCE, held negotiations in Moscow with the First Deputy Minister of Foreign Affairs of Russia, Igor Ivanov and with the special representative of the President of Russia on Nagorny Karabakh Vladimir Kazimirov (the latter on the eve of the sessions openly accused 'some members of the Minsk Group' in the Russian mass media of trying to create 'artificial obstacles to the peacekeeping efforts of Russia'). Judging from all this, the attempt to reach a full understanding at this meeting was a failure. While the prioritative aim of the Russian plan remains the cease-fire, the plan of the CSCE suggests continuing the negotiating process and at the same time sending international observers into the region. Earlier Russia has already rejected the idea of the former chairman of the Minsk Group Ian Eliasson about the Russian troops in the conflict zone being under international control from the European observers' side, preferring to retain all the key positions in the leadership of the peacekeeping process.

There was a failure to overcome the Russian-European discrepancies on the question of peacekeeping in Karabakh even in the course of the meeting of the representatives of the Minsk Group on 15-16 November in Moscow. Russian diplomacy according to Kazimirov, expected this meeting to solve the problem of the regulation of the activity of the Group, particularly the defining of its mandate. This matter has not been resolved and to what extent the contradictions between the

Russian and Western mediators have been aggravated one may judge from the text of the special joint statement of the Ministry of Defence and the MFA of Russia, issued at the end of the first day of the Moscow session of the Minsk Group.

In this statement it is said that any attempts to press Russia and the CIS in their efforts for Karabakh conflict settlement 'mean in fact to undermine the very core of the peace process no matter what is said about the importance of other international efforts'. It is stated in the document that only Russia was able effectively to participate in the conflict regulation and that the continuing truce was Russia's doing alone.

A worsened situation during the trilateral (Armenia-Azerbaijan-Karabakh) negotiations on Karabakh conflict regulation with Russia as mediator, seemed to be conducive to a new crisis in the relationship of Russian diplomats with their colleagues and mediators from the CSCE. On the eve of the Moscow meeting of the Minsk Group here in Moscow, the next round of these negotiations was completed without any results. Commenting upon the toughening of the Azerbaijan position (guaranteed return of Shusha and Lachin, participation of representatives of the Azeri community of Karabakh in the negotiations - the leaders and experts of the Minsk Group adhere to this position as well), the opponents of Baku assume that this is linked with the cardinal external political orientation of Azerbaijan with its rejection of the former 'Aliev' course to get closer to Russia and, after the conclusion of the 'contract of the century', increased hopes for the support of the West. Briefly speaking, it is not excluded that one of the consequences of 'ousting' Russia from the Caspian shelf will also be her 'ousting' from the process of Karabakh regulation.

In this respect the decision to send an international military force of three and a half thousand soldiers and officers made up by the countries which are participants in the programme 'Partnership for Peace' on 17 November had great importance. The control over the implementation of this peacekeeping mission was given to the CSCE. And on 26 November the Head of the Committee of Superior Officials of the CSCE, Paulo Bruni, confirmed at the meeting of the Committee in Budapest the readiness of the 'blue helmets' to start peacekeeping functions in Nagorny Karabakh. The total number of the troops should amount to 3300 people (and 1100 military men were allotted by Turkey). An agreement was reached by the partners-peacekeepers to allocate expenses amounting to \$400 million for keeping the 'blue helmets' in Nagorny Karabakh for six months - in this period the CSCE hoped to complete the operation of conflict regulation.

In this respect the Russian side placed definite hopes on the stability of the military-strategic positions of its real allies - Armenia and the Nagorno Karabakh Republic (NKR), without the agreement of which no projects and measures on the achievement of peace in Karabakh can be implemented today.

## **1995: 'New' Policy of Russia?**

The situation in 1995 revealed the complete hopelessness of the approach of Russia (Iran joining the consortium and the West joining the conflict regulation at the Karabakh-Budapest summit) and demanded a 'new' policy. The anti-Iran campaign of the USA played a significant role in it. By the end of January relations between Azerbaijan and the USA were aggravated concerning the matter of the participation of Iran in the oil consortium. At the very first session of the steering committee of the consortium Aliev confessed that the practical implementation of the contract would not be less hard than the signing of the agreement itself. After Iran 'joined' the contract, its implementation had clearly come to a standstill. Azerbaijan encountered difficulties in finding guarantees for providing its financial share (\$1,7 billion): the Republic should have presented such guarantees by 9 February but this deadline was to be postponed for 60 days.

Activation of the opposition within the Republic (the March rebellion) and outside its borders (in January the Azeri opposition leaders in Russia formed a sort of 'Union of the Exiled' for the displacement of Aliev, which included ex-President Ayaz Mutalibov, living in Moscow since May 1992; ex-Prime Minister Suret Husseinov, ex-Minister of Defence during Elchibey's Presidency - Ragim Kaziev and the leader of the Talish separatist movement - Aliakram Gumbatov), and the continuing conflicts in Karabakh and Chechnya created the preconditions for turning Azerbaijan into a seat of permanent destabilisation. Obviously, the internal political crises in February concerning the detachments of the APF in Nakhichevan and the March rebellion of the militia to a definite extent were caused by the position of Russia and Turkey towards Aliev. Thus, Turkey was forced to replace its Ambassador in Baku. In March were postponed the visits of the Director of the Russian Federal Border Service Andrei Nikolaev to Baku and the assistant of the President of Russia in international affairs Dmitri Rjurikov (held in April), and this the observers were inclined to link with the friction between Azerbaijan and Russia. This was happening, it was considered in Baku, against a background of effective sanctions by Moscow against Azerbaijan. Since the very beginning of the Chechen crisis the railway connection between Baku and Moscow had ceased to operate (September 1994). Russia has completely closed its borders to its Transcaucasian neighbours. All this caused a great deal of harm to the economy of Azerbaijan as 70 per cent of the whole export and import trade was carried out through the territory of Russia and the industry worked at only 5 per cent of its power and 30 per cent of manufactured production had not been sold but was kept in warehouses.

It is worth mentioning that the signs of strengthening of the tension in the relations between Azerbaijan and Russia have been revealed against the background of the border clashes with Armenia and the lack of progress in the negotiating process in the Karabakh conflict regulation. At the beginning of March the Russian MFA made a harsh statement in which speeches by officials of Azerbaijan were greatly condemned for negatively assessing the role of Moscow in the Karabakh regulation:

'It is extremely offensive to state that Russia is not interested in the resolution of the conflict and is attempting to take peacekeeping process out of the aegis of the OSCE. Is this an attempt at covering up the unrealistic aims which are hampering the progress of peace?'. Many considered that the appearance of this document was linked with the unusually harsh statement of Vaffa Guluzade, the Azerbaijani State Advisor on foreign political affairs, who announced in the course of a visit to Turkey at the end of February (at the conference on the problems of the South Caucasus): 'Armenia is the military base of Russia in the Transcaucasus and carries out the will of Moscow'.

Nevertheless, there were preconditions for an improvement of Russian and Azerbaijani relations: Iskender Gamidov's arrest (the leader of 'Boz Gurd') was possibly caused not only by the wish to deal with the opposition - he was accused several times of sending arms and mercenaries to Chechenya to help Dudaev. And by the end of March - beginning of April it became known that Azerbaijan was ready to examine the options of transportation of its oil through the Russian system of pipelines, 'if the Turkish version of the route does not find sources of finance' - this was stated by the office of the Azerbaijani Government. At the same time a trade economic agreement with Russia has been signed - at present Iran is the leading foreign economic partner of Azerbaijan, although if an inter-governmental agreement is implemented, Russia will occupy the leading place again.

In the same period the USA campaign for the boycotting of Iran has become stronger - apart from Europe, Russia and Japan the pressure has been put upon Azerbaijan as well. On 3 April Heidar Aliev announced that American Exxon would be given 5 per cent of the Azeri share in the oil consortium, and also that the share of 'Turkish Petroleum' would be increased from 1,7 per cent by 5 per cent of this. On 6 April the President of 'SOCAR', Nattig Aliev, stated that Iran would not join the consortium for exploitation of the Azeri, Chirag and Gjuneshli deposits. According to his words, the position of the US companies which announced that they are categorically against participation in the same consortium with Iran was the main reason for that. Characteristically enough, it coincided in time with the emerging of the previously unknown Front of National Independence of South Azerbaijan. Probably in this way a mechanism for pressure upon Iran was created.

On 11 April Ali Akbar Velayati, Minister of Foreign Affairs of Iran stated: 'Abrogation of the Iran-Azerbaijani agreement about Iran joining the consortium does not serve the interests of Azerbaijan and contradicts its commitments. Until the question of the legal status of the Caspian Sea has been finally solved, the agreement on the consortium is invalid and cannot be implemented unilaterally'. In response, Gassan Gassanov, Minister of Foreign Affairs stated: 'As far as the parallels are concerned referring to the status of the Caspian Sea and the right of Azerbaijan to exploit its own oil deposits, that is not lawful. Moreover, when Iran itself was holding negotiations about participation in the consortium, it did not raise this problem. ...We offer Iran cooperation throughout the whole Caspian Sea. ...Velayati's statement is a little emotional and cannot be seen as a threat'. The Minister said that

Azerbaijan will take all necessary measures so as to avert complications in the relationship between Baku and Tehran. According to Mekhti Gusseini, Head of the Department of International Relations of the Oil Ministry of Iran, Iran and Russia intend in the near future to raise the question of elaboration of the status of the Caspian Sea with international organisations.

On 19 April the Deputy Minister of Energy of the USA William White (who visited the countries of the CIS and Turkey) and Heidar Aliev took part in the ceremony of signing the agreement about the transfer to Exxon of 5 per cent. The President stated that while making the decision to transfer the share to Exxon the Azeri side took into account the opinion of the USA and that the long-term presence of the American companies in Azerbaijan would lead to a strengthening of the strategic interests of the USA in the Republic. Exxon became the 13-th participant of the consortium and increased the joint American share to 45 per cent which has become a great political success for the USA in the region. And 'SOCAR' intends already to put the exploitation of the Shakhdeniz deposit out to tender. As regards this matter negotiations are being held with three companies: 'British Petroleum' (Great Britain); 'Statoil' (Norway) and 'Turkish Petroleum' (Turkey). The French 'Elf Aquitaine' intends to manage the Lenkoran-Deniz deposit, American 'Chevron' - Araz Dashi and Mamedaliev, 'Exxon' - Sabail and D-9, located in the southern part of the Azeri sector.

In these circumstances the government of Chernomyrdin took definite steps to strengthen the position of Russia in Azerbaijan. 'Russia is going to increase its share in the international consortium for harnessing oil deposits of the Caspian shelf' - said Iuri Shafranik, the Minister of Fuel and Energy of Russia, stating that from 1997 Russia will be ready to pump 5 million tons of Caspian oil annually ('Financial News', 20 April 1995).

On the basis of the results of the Azerbaijan-Russia negotiations in Moscow the government of the Russian Federation adopted a resolution about lifting restrictions on the movement of transport between the two countries. Significant progress at the intergovernmental negotiations on the problems of economic relations and transport communications was achieved only after the Kremlin and Baku took steps to meet each other half way in solving the political problems.

On the instructions of the Russian President his assistant for international affairs Dmitri Riurikov made a long-planned visit to Baku on 9 April where he held negotiations with President Heidar Aliev. 'Moscow ascribes great significance to the development of the bilateral relationship and it is necessary to carry it onto a new level' - said Riurikov. Riurikov's visit was caused by the wish of Russia to clarify the position of Azerbaijan on a series of questions: the Karabakh problem; protection of the borders of Azerbaijan; the status of the Gabbalin radio-location station (RLS); and the status of the Caspian Sea. It was noted that the Azerbaijan side considers it possible to examine all these questions only in the context of the rapid regulation of the Armenian-Azerbaijani conflict.

And almost immediately after this the committee for CIS affairs matters in the State Duma held hearings on 11 April 'Concerning the State of the Conflict in the Zone of Nagorno-Karabakh'. Invitations to participate in them were accepted by MPs from Armenia and the delegation of NKR with the President Robert Kocharyan at the head. The speaker of the Milli Mejlis Rasul Guliev sent a telegram asserting that the wish to examine the question of Nagorny Karabakh in the Duma 'is an unfriendly act towards Azerbaijan', and 'the carrying out of this action is fraught with a threat to peace and calm in the Transcaucasus'. The leadership of the Parliament of Azerbaijan recalled that despite the demands of some forces and organisations within the Republic to discuss the Chechen problem at the session of the Milli Mejlis, the authorities of Azerbaijan were categorically against it. 'The invitation to these hearings of representatives who are not recognised by the World Community, Russia among them, by a self-proclaimed NKR inflicts a serious blow to the bilateral relationship. In reality it is nothing but the rejection of friendly relations with Azerbaijan ...and is a direct interference into the internal affairs of Azerbaijan'.

The negotiations about the Karabakh conflict regulation in fact had reached a deadlock owing to the reluctance of the Armenian side to agree to withdraw its troops from occupied Lachin and Shusha, and also owing to the unwillingness of Baku to recognise Nagorno Karabakh as an independent party in the conflict.

By the summer an alternative to the Turkish route had finally been formed. More and more analysts in the West assumed that Russia would succeed in the struggle for control over the export of oil from Azerbaijan. Russia took steps to neutralise Turkish ecological demands on shipping in the Black Sea straits. In mid June representatives of Russia, Greece and Bulgaria took the decision to create a consortium to build a pipeline Burgas-Alexandropolis from the Black Sea coast to the Aegean Sea (length - 317 kilometres, cost - \$0,7-1,43 billion, capacity 30 million tons per annum). Implementation of the project will allow Russia to transport oil to European consumers avoiding the Bosphorus and the Dardanelles, where Turkey had imposed strict restrictions on the passage of large tankers. The 'Transbalkan Pipeline Company' will comprise the Greek firms 'Latsis Group' and 'Copelousos Group', the national energy corporation 'DEPA', the Russian-Greek 'Iraklius' and the Russian joint-stock company 'Gazprom'. At the same time since November 1994 an alternative project of the Albanian, Macedonian and Bulgarian oil corporations has been examined on building a transbalkan pipeline from Burgas to Brindisi (Italy via Bulgaria, Macedonia and Albania).

In his turn, the President of the International Operational Company of Azerbaijan (IOCA) Terry Adams in May held negotiations in Moscow with the Minister of Fuel and Energy Iuri Shafranik about the possibility of transportation of the early oil. As Adams stated, 'in the course of visits to Tbilisi and Moscow and discussions held with Eduard Shevardnadze and Iuri Shafranik, we have become convinced of the reality of both options of export of early oil - through the territory of Georgia as well as via Russia'. He said that IOCA had created two working groups - in Tbilisi

and in Moscow which had started thorough research into the profitability of each of the options. 'A final decision will be made exclusively on the basis of commercial considerations although we should be receptive towards the political situation' - said the head of IOCA.

Since in April Iran was refused access to the oil consortium, it to a great extent limited the purchase of Azeri production, which greatly worsened the position of the oil sector of Azerbaijan. Iran also stopped all deliveries of raw materials, fuel and gas to Nakhichevan and that threatened all enterprises of the autonomous region with a complete halt. Azerbaijan, in its turn, took the decision to raise customs taxes on Iranian goods.

The unregulated status of the Caspian Sea also influenced the problem of oil export. Haze O'Leary, the Minister of Energy of the USA, expressed anxiety about the unsettled question of the status of the Caspian. In her opinion, 'as the contract for financing is being brought onto the international plane, it is absolutely intolerable for any obscurities to remain, or the possibility to interpret it wrongly. The fact that the contract has been signed without defining the status of the Caspian Sea is one thing, but financing the contract - this is a separate article which should be mainly governed by international norms'.

Officially Baku considers that the status of the Caspian Sea has nothing to do with the oil contract. Thus, according to Gassan Gassanov, Minister of Foreign Affairs, resolving the question of the Caspian Sea's status will not influence the financing of the contract. This was clearly stated in US President Bill Clinton's message to the President of Azerbaijan. All members of the consortium are of the same opinion and they will work out a corresponding 'antidote' to attempts to freeze the contract. He emphasised that 'no doubt it is not bad that the status of the Caspian Sea is defined as soon as possible, but the very existence of the oil contract to some extent answers this question'.

Important changes took place in June, which probably indicate a strengthening of the position of Russia in Azerbaijan. This is especially noticeable against the background of the cooling of the relationship with Iran.

Immediately after the meeting of the leaders of security of the countries of the CIS in Tbilisi, the then Head of the Federal Security Service of Russia Sergei Stepashin visited Baku and together with Namic Abbasov, the Head of the Ministry of National Security, signed an agreement on the interaction of both services. At the same time Abbasov emphasised that the question of the extradition of ex-President Ayaz Mutalibov is being examined: 'The Russian side has already extradited to us one of the participants of the October attempted coup d'etat and I hope that the process will continue'. In his opinion 'there is no other alternative but to hand over the Gabbalin military base to the Russians'. At the same time Azerbaijan hopes that this step will be properly appreciated by Russia, and 'that Russians will start to make concessions in the Karabakh matter and will help Azerbaijan in recovering lands occupied by Armenians'. At the meeting with Aliev Stepashin stated that the Federal Service of Security intends to share information about the interests of foreign special

services in Azerbaijan. And on 7 June the Head of the Federal Border Service, Andrei Nikolaev signed an agreement in Baku about defending the borders between Russia and Azerbaijan 'On the Defence of the State Borders'.

A new stage in Russian-Azerbaijani relations was marked by the visit of the Deputy Minister of the MFA of Russia, Albert Chernishev, on 6 June, when an agreement was signed about cultural and scientific cooperation, about bilateral political consultations as well as the Consular Convention concerning the protection of citizens. The sides called for the deepening of integration in the economic and manufacturing fields. Russia offered the drafts of two agreements: 'Concerning citizens of one country, permanently residing on the territory of the other country' and 'Concerning the principles of organised re-settlement'. Mr. Chernishev raised the question of the lawfulness of the export by the oil consortium from the deposits of Azerbaijan without determining the status of Caspian Sea. But Gassan Gassanov, the Minister of Foreign Affairs of Azerbaijan, stated that 'the oil contract is already an international juridical document which has defined the Azerbaijan sector of the Caspian Sea as it has been signed not only by the leaders of the oil companies but by the governments of several countries'. According to Gassanov, the impression was formed that Russia has finally started to understand: a settlement is impossible without solving the problem of Shusha and Lachin.

Meanwhile, the development of political processes in the Transcaucasus seemed to be more and more transferring to an integrational and stabilising basis: in summer elections were held in Armenia, in autumn in Georgia and Azerbaijan. The transition of the Chechen conflict resolution to the negotiating stage would positively influence the whole region. On 11-15 July Vladimir Shumeiko, the Speaker of the Council of the Russian Federation visited the Transcaucasus, which was of great importance for these processes and which served to speed up the peacekeeping actions in the conflict zones and for the integration of economic relations within the framework of the CIS.

The main subject-matters of the negotiations between Shumeiko and President Aliev were Russian and Azerbaijan relations and the resolution of the Karabakh conflict. Shumeiko said that the temporary restrictions on the transit of the Russia-Azerbaijan border, established in connection with the events in Chechnya, have been eased. The right to passage of the residents of the adjacent regions, the transportation of humanitarian aid and household equipment, and the driving of cattle to their pastures have all resumed. Gradually, on the basis of the stabilisation of the situation in Chechnya, Russia will be lifting restrictions on the crossing of the border with Azerbaijan. V. Shumeiko stated that the Russian leadership examines these questions in the context of turning the region of the Caspian Sea into the object of joint utilisation and reciprocally beneficial cooperation of all the Caspian states.

'Azerbaijan will not make any territorial concessions in the process of the Armenian-Azerbaijani conflict settlement for the sake of Nagorny Karabakh' - emphasised Aliev and connected the Republic's membership of the CIS with the settlement of the Karabakh conflict: 'The participation of Azerbaijan in the CIS depends on the



prospects of the conflict regulation with Armenia'. 'If the Armenia's aggression continues and appeals of Azerbaijan are not heard, what do we need such a Commonwealth for?'. In response, Shumeiko assured the Azeri side, that he will do everything possible as Chairman of Inter-Parliamentary Assembly of the CIS for the refugees to return to their lands. The decision about the statehood and legal status of Nagorno Karabakh can be taken only after the refugees return to the occupied territories, stated Shumeiko warning about 'a real threat to preservation of the conflict', as a result of which 'it may transfer onto another stage at any moment'. 'In a political sense our states are not strong yet; many political forces are still able to come to power. It not known who can win in the forthcoming elections and how the situation should be developed then for Nagorny Karabakh, therefore the problem should be immediately solved peacefully'. According to his words 'the returning of the refugees - is the first step which it is necessary to take, literally in the near future'. Before Shumeiko's statement, no Russian official had promised a quick return of Azeri refugees to Karabakh and to the adjacent territories occupied by the unrecognised NKR for two years.

Shumeiko's visit to the region coincided with the softening of the position of Russia towards the status of the Caspian Sea. Albert Chernishev, Deputy Minister of Foreign Affairs stated that during a visit to Ankara he also discussed the matter of the oil pipeline with the Turkish leadership: 'If the Turkish option of the pipeline is economically beneficial and the political situation is stable in the country, Moscow is not against it'. However, the Russian side is against the monopolisation of the 'pipeline' and considers that for oil transportation from the Caspian Sea a whole network of small pipelines should be constructed.

Immediately after that a high ranking representative of the MFA of Russia stated that the MFA offered 'a whole series of measures, including tough ones' aimed at 'convincing Azerbaijan and some other Caspian countries to take a more realistic stand' towards the problem of the Caspian Sea. But on 27 July at the meeting with Ramiz Rizzaev, the Ambassador of Azerbaijan in Russia, at his request, the Russian first Deputy Minister of Foreign Affairs Igor Ivanov announced that this statement 'does not reflect the official position of the Russian side'. On the contrary, the leadership of Russia is firmly disposed towards the regulation of full-scale cooperation with Azerbaijan, on the basis of equal rights.

The Government of the Russian Federation had other tactics. On 11 July Victor Chernomyrdin, Prime Minister of Russia, held a meeting at which the question of utilisation of the resources of the Caspian Sea was discussed. Mikhail Tarasov, Deputy Prime Minister of Russia for International Affairs stated that Russia's being against the 'reckless squandering' of the Caspian resources proceeds from the 'realities of the present day'. And the reality is as follows: exploitation of the Caspian is a profitable business. According to his words, the Russian company 'Lukoil' was absolutely right in joining the international consortium for the exploitation of the oil deposits. 'The aim of politicians is to solve relevant problems concerning the Caspian Sea and the businessmen should be doing their business'. It seems that Bolshakov,

Vice-Premier of Russia, held exactly this position during the negotiations in Moscow with Guliev, the Prime Minister of Azerbaijan.

And on July 18 Parliamentary hearings 'On Legal, Economic and Ecological Problems of the Caspian Sea' were held in the Council of the Federation. During these hearings Yakov Ostrovski, Deputy Director of the Legal Department of the MFA of Russia stated that it is 'impossible to solve the Caspian problems if one is out of touch with reality' In his opinion, there is no reason to talk about the preservation and utilisation of the bioresources of the Caspian Sea by the five Caspian states - Russia, Iran, Azerbaijan, Turkmenistan and Kazakhstan - nor to discuss any other matters while 'the process of the tearing away of the Caspian Sea from Russia has started'. 'If this process continues, the Caspian Sea will be lost for Russia'. Azerbaijan and Kazakhstan 'in fact have established 'national sectors' in the Caspian Sea'. And although, in the diplomat's opinion, this is illegal, one should proceed from whatever has already been done. Precisely because of that Azerbaijan refused to sign an agreement about regional cooperation in the Caspian Sea and the agreement about the utilisation of the bioresources. As the representative of the MFA of Russia explained, 'it should not be forgotten that there are monopolies of the USA and Great Britain behind Azerbaijan and Kazakhstan, and they call on them not to conclude treaties with Russia'. The diplomat considers the position of the ex-Soviet republics will be defined in future under the dictation of foreign monopolies (despite this at the end of June the Congress of the USA let amendment 907 to the 'Act on Freedom' prohibiting Humanitarian Aid to Azerbaijan remain in force).

The fact of recognising the Azerbaijani sector of the Caspian Sea was delegated by Ostrovski to the Ministry of Fuel and Energy, the Head of which (Iuri Shafranik) having the authority of neither the MFA nor that of the Government attended the ceremony of signing the contract for the assimilation of the Caspian deposits between Azerbaijan and the international consortium. According to the representative of the Ministry of Fuel and Energy, 'while we are waiting, they will be pumping the oil', and Russia ought to do the same as it is already impossible to stop the process that has started. The Ministry of Fuel and Energy considers the most important step to be the creation of a Committee of all the Caspian states which would divide the quotas for the extraction of oil, would define the pipelines, etc.

In autumn 1995 the question of the transportation route for the early oil was solved. The consortium examined two versions - the Northern (with the exit through Novorossiisk) and the Western (with the exit through Poti). The export of the main oil, according to the consortium and Azerbaijan, should pass through the territory of Turkey. The transit via Iran at present is out of the question due to the disagreement of the USA. Therefore there remains the option for oil delivery to Turkey via Georgia. However, Russia states her readiness to transport the main oil too.

Turkey, competing with Russia, also took definite steps. In July Tansu Ciller, the Prime Minister, visited Azerbaijan. She is considered to have been lobbying for the 'Georgian' oil route. At the meeting with Heidar Aliev, Tansu Ciller announced a gigantic project for the construction of the Eurasian transport main line via Baku,

which would join the Turkish-speaking states of the former USSR with Turkey, Europe and Asia. During the visit, Ciller conducted negotiations with representatives of the oil companies composing the international consortium. Terry Adams, Head of the steering committee of the consortium, expressed readiness on behalf of the companies to support any project if it turns out to be economically beneficial and will guarantee the security of the pipeline. However, the fact that part of the early oil from the Chirag deposits will be transported via the Black Sea ports of Georgia does not solve all the problems. Ciller emphasised that Turkey and Azerbaijan are unanimous in this opinion: Azerbaijan's oil should be transported to the West through the territory of Turkey.

In the course of the visit of the President of Ukraine, Leonid Kuchma, from 27-28 July, the plans for Caspian oil transportation to the West were also discussed: Ukraine suggests building the pipeline Baku-Poti, from which it will be possible to transport oil by tankers to Odessa too. Implementation of the 'Georgian version' will need more than \$1,1 billion, and Ukraine is ready to participate in the construction. The capacity of the pipeline should be approximately 30 million tons per annum, and that in future will give a chance to pump Iranian as well Kazakh oil through it.

During recent years trade and economic cooperation between Ukraine and Azerbaijan has effectively ceased. Great damage was done to the economy of Azerbaijan, breaking economic and manufacturing links with the countries of the CIS and Western Europe. Therefore the partners of the CIS - Ukraine, Azerbaijan and Georgia, being interested in protecting their national economies, agreed about the organisation of a holding transport company which would create a network of communications with the function of linking the Black Sea and the Caspian coast. A new main transport line, the implementation of which has been supported so far by Ms.Ciller, will become an alternative to the North-Caucasian highway blocked due to the war in Chechnya.

'It is very important for us, emphasised Heidar Aliev, that both countries adhere to such principles of international law as political and economic independence, territorial integrity and integrity of borders'. The Presidents emphasised the necessity of a tighter coordination of actions while preparing the matters for discussion at the summit of the CIS. 'We have discovered a complete coincidence of opinions and positions in many problems of international cooperation, including the activity of the CIS'. Referring to the question of the viability of the CIS, Kuchma stated that 'the CIS still has a future provided there is the necessary condition that the opinion of each country-member is taken into account. And if it is taken into account, then conflicts, like the Karabakh one, will not take place at all, as they will be jointly solved'. As regards the participation of Ukraine in the settlement of the Karabakh conflict, Kuchma stated that 'the place and the role of Ukraine in this matter today are not adequate to our possibilities'. He promised that in the near future Ukraine would announce its stand on this matter in the OSCE and expressed readiness to guarantee the military presence of peacekeeping forces from Ukraine in the conflict

zone. In his turn, Aliiev stated: 'The key to solving the Karabakh problem is in Russia, which is able to settle this conflict'.

Meanwhile one of the leaders of Azerbaijan, the speaker of the Milli Mejlis Rasul Guliev expressed his personal viewpoint concerning the route of oil transportation: 'Early oil will flow through the territory of the Russian Federation to the port of Novorossiisk, the main oil should flow through Georgia with the outlet to the Mediterranean terminals of Turkey. This is my view and I think that precisely this decision will be taken'.

## **Alternative and Prognosis**

Thus, three countries, striving particularly to influence Azerbaijan, have taken serious military and diplomatic steps during the past year and a half: Russia in Chechnya, Turkey in Kurdistan and the USA towards Iran.

For Iran as well as for Russia, Azerbaijan represents a competitor in the field of oil. For the USA Azerbaijani oil should replace Iranian oil; at the same time the USA hopes to play in two directions simultaneously: to limit the transport and economic links of Russia with Georgia (due to the conflicts) and Iran, by actualising the problem of south Azerbaijan (the Front of National Independence), which coincided in time with pushing Iran out of the consortium. By controlling Transcaucasian-Asian oil, the USA would control its export-competitors: Russia, Iran, Arabic countries and importers in Europe at the same time.

Taking into consideration the experience of the political games connected with Tengiz and the three Azerbaijani deposits, one has to confess that Russia aims not so much at the route of the exporting pipelines but at the oil itself (in competition with Russian oil), as the independent financial source for Azerbaijan, Kazakhstan and Turkmenistan. Thus, an optimal version of the development of the situation for Russia is the 'freezing' and ceasing of the projects - as happened in Tengiz and as is being required from Azerbaijan.

In essence, throughout all these years the position of Azerbaijan has inevitably been considered to be one of the most important problems for Russia and the Transcaucasus. Many analysts, indicating the ethno-confessional values (Islamic fundamentalism), and peculiarities of the political culture, were immediately negatively disposed towards any support of Azerbaijan in the Karabakh conflict. Such an inflexible wait-and-see indifference concerning when the Republic will be as split like Georgia, let the relationship of Russia and Azerbaijan reach deadlock. In fact, if the policy of Azerbaijan was one of the central questions of the 'Near Abroad' for Russia, and during all these years considered to be unfriendly and automatically accounted as a 'minus', then what perspectives for improvement of these relations can one speak about? The analysts assure us that Azerbaijan will never again be oriented towards Russia (but only towards the West and Turkey). And this is correct, because Russia never sided with the Republic in the Karabakh conflict. Proceeding

from this, the strategy of supporting the opposition was chosen and that of turning Azerbaijan into Georgia number two, split into regions. But the regional ethno-political structure of the republic was not taken into consideration - disagreements between the regional elites were exaggerated. Is there an optimal way out of this situation for all sides and how will further events develop?

'Despite everything we are not kept in doubt: the USA does not give a damn for the 'success of the reform', for Russian overcoming its economic crisis and even less - for her future extraordinary economic flourishing. American politicians and American public alike are afraid of a strong and healthy Russia - some are afraid sincerely, some - owing to time-serving considerations. Today our Western partners face a weak and sick Russia and that is absolutely convenient for them' (Michael Leontiev, in the newspaper 'Segodnia', 25 May 1995). This is the best characterisation that reflects (practically coincides with) the situation in the relationship of Russia and Azerbaijan.

Diminishing the importance of Russia in the export-import operations of Transcaucasia (due to both subjective as well as objective reasons) will lead to the economic ousting of Russia from Georgia too. In a similar way to Eastern Europe, it may result in the formation of a political alliance oriented towards the West. It is necessary to return to staking on the development of reciprocally beneficial economic relations. Setting up normal economic transport links with Azerbaijan and through it with Georgia and Iran may contribute to Russia making her position stronger in the Republic.

After the failure of the gamble on Suret Husseinov and Ayaz Mutalibov it is high time to start working with politicians acting in the real world. It is obvious that leaders of the Ministry of National Security, Ministry of Internal Affairs and Ministry of Defence of Azerbaijan who have a similar orientation towards Russia to that which Igor Giorgadze has, do not exist. Inside the Republic it is necessary to have the support if not of the security bodies, at least of the influential economic forces. In our opinion such an alternative to Aliev's grouping was the grouping of the speaker of Parliament, Rasul Guliev.

It is already clear that the strategy of splitting Azerbaijan, the opposition of the regional elite and oppositional groupings to Aliev did not bring and would not bring any changes in the foreign policy orientation of Azerbaijan. Russia cannot solve this problem by 'Chechen peacekeeping'. Such a result should be a basis for an alternative Russian policy towards Azerbaijan: it is necessary to restore a normal economic relationship, transportation through Azerbaijan to Georgia and Iran (as the alternative to the Turkmenistani route), and to regulate a complicated package of matters in the triangle of Russia - Armenia - Azerbaijan concerning the Karabakh conflict, the Caspian Sea status and military cooperation (radio-location station, anti-aircraft system, border troops).

The policy towards the internal political groupings was a blunder despite Mutalibov's pro-Russian course; Moscow did not influence Yerevan, on the contrary, the Karabakh tragedy speeded up his fall. Thus, the coming of the APF to power

was indirectly caused by the stand of Moscow. Approximately for half a year after the APF period and Aliev's return it had been expected that the positions of the two countries would get closer. But despite this Moscow has again ignored the demands of Azerbaijan to settle the conflict. The only logical step in these circumstances was the signing of the oil contract.

Taking into account the regional political differentiation did not help either - it was shown by the August (1993), October (1994), and March (1995) rebellions and the August attempt at a rebellion (1995). Despite contradictions between the regions in the present Azerbaijan it is impossible to create a 'Zviadist Megrelia' and thus change the foreign policy orientation.

It is clear that the attitude of Russia towards Azerbaijan was an error and those who think that by stubbornly adhering to it something may be achieved are deeply deluded (especially by statements about fundamentalism, drawing from Gorbachev's arsenal of 1990). By offering measures causing to a great extent an increase in the influence of the West and Turkey they consequently wrongly present the interests of Russia.

Due to the unskilful actions of the MFA, Russia now faces a real chance of diminishing its influence not only in Azerbaijan, but in Georgia and even in Armenia. The attempt on Eduard Shevardnadze's life is a serious warning to Moscow: one may talk about the 'strategic partnership' as much as possible but the actual situation is much more complicated. It should be understood: that authoritarianism in the Transcaucasian countries, caused by the support of Russia or vice versa (in Azerbaijan) positively assessed by some political scientists, is a threat to Russia and creates even more instability in the conflict region. The absence of opposition as such in Parliaments should not please not only from the point of view of democracy, but also from the point of view of strengthening the 'parties of power', which are less and less dependent on Russia. The best illustration of this is the banning of 'Dashnaktsutiun' in Armenia, which held a much more pro-Russian position than governing Armenian National Movement (ANM) and was a counter-balance for holding Ter-Petrosian in check. Now the constitutions and elections, and new state managements solve problems which those in power face in Transcaucasia: suppressing the opposition in Armenia and Azerbaijan, and apart from this, bringing in federalism for the settlement of the Abkhazian problem in Georgia.

What alternatives might there be? There might be a desire to play on the definite contradictions between Aliev and Guliev, which become more and more obvious. There will be a desire to activate the South Azerbaijan problem.

However, at present Russia has got one more chance to regulate the relationship with Azerbaijan: the anti-Iran campaign of the USA has pushed Iran aside from Azerbaijan although Iran's relationship with Azerbaijan was not very close even before that and was based only on Aliev's personal contacts. In view of the severing of the transport and economic links with Iran, Russia may return to Azerbaijan.

It is obvious that Russian foreign policy in Azerbaijan should be that of exclusively economic expansion, energetically striving to get closer to Iran, avoiding con-

frontation with Turkey and the West. Apart from the development of the transport-economic relationship, the aspiration of Azerbaijan to free the occupied Azeri region should be supported (as the implementation of the resolutions of the UN Security Council); by bringing in peacekeeping forces, Russia should at the same time solve the problems of joint protection of the Iran-Azerbaijan border, securing the status of the Russian military entity and not the base for the Gabbalin RLS, and connecting the anti-aircraft system up with the common Caucasian one. Thus, the consequences of the oil contract for Russia will in many ways be neutralised.

The main question remains the route of the oil pipeline. The interests of the oil-extracting countries of Central Asia should be taken into account and the possibility of their connecting up with the new pipeline alternative to the Russian one. None of the routes discussed absolutely suits all the interested sides. A Turkish route may mean Russia's being excluded from the region in the near future and the Western orientation of Georgia and Armenia, and later the re-orientation of the whole oil flow from the Caspian region and Central Asia from the Russian transit route to the Transcaucasian-Turkish one. In Kazakhstan and Turkmenistan a drop in oil extraction is occurring (prospected reserves amount to 3,3 billion tons excluding the Caspian ones - 4,5 billion tons), which to some extent is the consequence of the absence of alternative means of delivery to importers. The appearance of the big main line for oil export from Azerbaijan, Turkmenistan and Kazakhstan going round the Russian territory would limit the state interests of Russia and would undermine her influence in Central Asia and the southern part of the Caspian region. Therefore the only acceptable version for Russia is a Northern one, with the outlet to Novorossiisk. Besides, compromises and concessions are possible already not according to the contract itself, but on the question of the oil transportation. In any case the question of transportation of energy carriers from Southern post-Soviet republics grips the interests of many countries and none of them is interested in their limitation. It is more logical to look at these questions from the point of view of cooperation and not confrontation.

It is likely that the whole system of oil transportation to the West will be set up - Russia, Turkey and the oil extracting Azerbaijan and Kazakhstan have already come to this conclusion. As regards the reality of the change of course of Aliev's Azerbaijan, it does exist and is significant.

Leaning towards Armenia, the foreign policy of Russia in the Transcaucasus during recent years has suffered from being one-sided, having split Georgia to such an extent that it was not obvious any more who it was better to conclude treaties with, and despite the military victories of Karabakh, it has led Azerbaijan to create the consortium and to construct the oil pipeline to the West. Only rejecting idealistic schemes, establishing an equally beneficial, realistic relationship not only with Armenia, but with Azerbaijan and Georgia, will Russia be able to come out of this deadlock which she has reached due to her 'hopeless' peacekeeping policy. It is time to stop perceiving them as the 'failed states'.

Today the majority of observers can clearly see that Russia desperately needs to find points of contact with these states, as well as with Turkey, Iran and the Western countries - otherwise she will have a relationship with permanently conflicting regions of the Caucasus, not obtaining stability and security in this central part of the 'Near Abroad'. The failure to consider alternatives for the foreign policy of Russia, following in the steps of the Russian Empire and the USSR, is a big mistake. Extremely straight forward, tactical steps of Russian diplomacy have no strategic perspective.



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## TOWARDS COOPERATIVE ENERGY SECURITY IN THE SOUTH CAUCASUS

Robert M. Cutler\*  
(Canada)

The South Caucasus is becoming once again a part of the Middle East as broadly conceived under the British Empire. The disappearance of the Cold War distinction between Central Asia and Southwest conditions and redefines the problem of security in the region.<sup>1</sup> Indeed, 'Southwest Asia' was a creation of Western strategists and never really existed as an organic unity of a cultural, economic, or any other kind. As a geopolitical unit it is disintegrating, dissolving into the broader band of countries stretching into Central Asia from the Black Sea littoral. The whole macro-region from the Caspian Sea to the Black Sea, and all their littoral states from the Balkans to Central Asia, is becoming the focus of new sets of regional international networks of interdependence. International regions are not what they used to be, nor are they, despite their increasing autonomy of great power conflict, any longer as mutually separable as they were earlier this century.

The fate of Georgia, Armenia, and Azerbaijan is inseparable from the success or failure of developing this broader region both economically and politically, and ensuring its stability. The current turmoil in the South Caucasus will be remembered with fond nostalgia if policy makers do not address wholly predictable demographic and geographic sources of forthcoming conflicts. In the crescent of Central and 'Southwest' Asia, where the median age is in the low twenties, a demographic explosion is inevitable. The population of this crescent of countries from Turkey through Kazakhstan, already over a third of a billion, is projected to double in the

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\* **Dr. Robert Cutler** is an analyst of international political and economic affairs from the Atlantic to Almaty, who is based in Monreal.

<sup>1</sup> For a broader, theoretical treatment of this point, see Beverly Crawford, *The New Security Dilemma Under International Economic Interdependence*, Millennium, Vol. 23, No 1 (Spring 1994), pp. 25-55.

next quarter-century.<sup>2</sup> People will migrate to the cities--they have already started--and there, following the economic and social pattern of Iran in the 1970s, they will become a lumpenized mass. As is already happening in Kuwait and Saudi Arabia, an increasingly educated middle class will seek a greater voice in the political process. An average annual growth rate of 5% would be necessary in the GNP to cope with the demographic explosion, but GNP is currently declining.

## **I. Solutions Already Proposed And Why They Will Not Work**

There are three ways to promote stability for the region in the sphere of energy security. First, it is possible to concede a Russian sphere of influence but try to enhance the Commonwealth of Independent States (CIS) as a security agent. This approach would promote integration as a specific security tool and seek to transform the CIS from a closed shop into an open system. Second, it is possible for the West to try to conclude a series of comprehensive agreements with the non-Russian CIS, on the model of the European Union's 'Europa Agreements' with the Central and Eastern European countries. Third, the West could become proactive, promoting and participating in the formation of cooperative relations between Russia and the other newly independent states in sectors where Western interests are at stake, notably energy security and economic development. The U.S. appears to be choosing the first of these possibilities. The European Union has been working on a version of the second, without obvious effects. The third requires more work, but it is more sure, more efficient, and responds better to the interests of the states in the region, including Russia.

Russian control of the means of transport of energy supplies risks turning into control of the rest of the newly independent states. Switching the taps on and off is a way to bring recalcitrant satellites to heel; payments issues are also a tool for this. Russian hegemony over CIS-space is not in keeping with the international norms to which the West proclaims its adherence. Nor, frankly, is it in the West's interest either. An unavoidable but frequently ignored fact about making the oil and gas resources in the region a strategic economic and political asset, both for the region and for the world, is that no one party alone can successfully exploit this wealth.

Neither of the two ideas circulating around the third of these possibilities seems to satisfy real-world requirements. The first of these ideas proposes the creation of an unspecified network of oil export pipelines stretching into Central Asia, to be managed by an international authority which would own and operate them.<sup>3</sup> The practical difficulty with this is that the newly independent states of the

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<sup>2</sup> Eduard Bos, My T. Wu, Ernest Massiah, and Rodolfo A. Bulatao, 'World Population Projections', 1994-95 Edition: *Estimates and Projections with Related Demographic Statistics* (Baltimore, Md.: Johns Hopkins University Press for the World Bank, 1994).

<sup>3</sup> Jeremy P. Carver and Greg Englefield, 'Oil and Gas Pipelines From Central Asia: A New Approach', *World Today*, Vol. 50, No 6 (June 1994), pp. 119-121.

region would not look favorably on the abnegation of territorial sovereignty that this implies. Worse yet, given the present and foreseeable configuration of Russian politics, one can only imagine what the reaction in Moscow would be to the idea of an international authority (proposed by the West) actually owning any part of the existing Russian pipeline system, or any new pipelines to be built.

The second of those two ideas advocates a spiderweb of pipelines in the South Caucasus, but is ruefully pessimistic about the feasibility of maintaining the network's physical integrity against saboteurs.<sup>4</sup> This idea seems to have originated in Turkish Prime Minister Ciller's early-1995 visit to the Center for Strategic and International Studies in Washington. (Turkey has also been trying to promote a community among Azerbaijan, Georgia, and Armenia: something like the Benelux arrangement among Belgium, the Netherlands, and Luxembourg.) More specifically, the second initiative would construct as many pipelines as feasible and distribute revenue not as a function of volume of oil produced or exported, but rather according to a predetermined pie to be divided. However, this variant offers every player the incentive to hoard, since the payoff is not a function of the amount produced or exported; it presents a classic 'free-rider' problem, except that everyone can be a free-rider.

## **II. The Real Requirements for Energy Security: A New Triad**

Neither of the two solutions just mentioned satisfies the real requirements for energy development and cooperative security. Despite the multitude of deals with Western companies being negotiated by the newly independent states, only a few projects are operating. Threats to political stability and uncertainty about pipelines block the path to developing the strategic energy assets of Eurasia. Experience in Saudi Arabia, Alaska, and elsewhere points up three conditions that must be met for oil and gas deposits to be exploited successfully and brought to market. The two necessary conditions are political stability and secure and cost-effective transport. However, even these are not sufficient. What is further required is a positive financial and investment climate.

The first requirement is political stability. This itself requires the creation of legitimate governments in the region and the mutual clarification of their national interests. Here mutual security comes from the reciprocal accounting for the interests of one's neighbours even if one's own interests do not coincide with those. The second requirement is secure and cost-effective lines of transport. These are impossible unless they will function technically in a regular manner. That means they must not be subject to extraordinary costs such as the repair of chronic politically-

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<sup>4</sup> Paul A. Goble, 'Light at the End of the Tunnel? Pipeline Politics in the Former Soviet Union', *Prism*, Vol. 1, No 23 (3 November 1995), Pt. 2, [unpaginated, electronically distributed].

motivated sabotage. Chevron had this experience in the 1980s in southern Sudan and is not about to put itself in such a difficult position again.

Only on the basis of these two together is the third requirement able to be satisfied: a positive financial and investment climate entailing agreed legal regimes ('rules of the game') that dovetail with dominant international norms and are not subject to arbitrary change.

### *1. Political Stability Manifests Compatible National Interests*

In the late 1980s, as the USSR was falling apart and before the Karabakh situation flared up, emerging industrial and technical classes in Armenia began to extend commercial contacts with Turkey. Their Turkish counterparts had responded enthusiastically to these initiatives for cooperation. Mutual antagonism seemed finally on the verge of being overcome through recognition of a shared interest in the present day. However, as the Russian military-security complex destroyed the democratic movement in Azerbaijan and forced the country's participation in the CIS, Azerbaijani domestic politics turned into a battleground between Russian and Turkish strategic influence. Armenia, seeing Russia and Turkey competing openly for power on her doorstep as Karabakh erupted, developed a siege mentality that reflected the real economic siege to which she was then (and is still) subjected by Azerbaijani and Turkish trade embargo. Russia, complicit and possibly even a motive force in the Karabakh fiasco, profited from the combination of Armenia's isolation and Azerbaijan's political fragmentation to use Armenia as a political-military lever against Azerbaijan.

Whether or not control of the Baku-to-Novorossiisk oil pipeline through Grozny was an important factor in Moscow's decision to send troops into Chechnya, massive Russian air bombardment took special care to avoid all major pipelines. However, the Chechen resistance retains sabotage as a trump card regardless of military reversals on the ground. Many other secondary and tertiary oil and gas transmission lines also pass through Grozny. Repeated sabotage of a pipeline carrying Turkmenistani natural gas to Armenia, for example, likewise demonstrates the impossibility of guaranteeing the integrity of transmission lines in the absence of political and economic stability.

The Karabakh conflict currently blocks the Azerbaijani-Armenian cooperation that would be necessary for such a route. And what now blocks the pipeline's development is the domestic political situation in Armenia. The West has made it clear that Armenia can receive the pipeline if it concedes on the Karabakh issue. The Azerbaijani leadership favours the route through Armenia, because this would enable them to provide for the energy needs of the Nakhichevan enclave, which is presently dependent upon Iran. (All leading political figures in Azerbaijan, including the last three presidents who have successively deposed one another, are from Nakhichevan.) A pipeline for Azerbaijani oil constructed through Georgia would have to

transit territory populated by ethnic Armenians, and Russia could easily incite another Abkhaz rebellion against Tbilisi to menace Georgia's political stability.

Russia has until recently sought only to maintain the present instability and to prevent other powers from asserting themselves in the Transcaucasus. For example, Moscow at different times welcomed Turkey and Iran as intermediaries in Nagorno-Karabakh only because this favoured Russian interests. This means playing the balance in the "balance of power" rather than resolving the conflict. A lesson that the West has so far failed to learn is that it should seek political instruments enabling the non-Russian NIS to deal evenly and negotiate effectively with both Russia and the oil and gas companies.

## *2. Secure and Dependable Transport Manifests Cooperation*

The well-known problems of Armenian-Azerbaijani relations are not the only example of how hard it is to agree on transport. The difficulties of the Caspian Pipeline Consortium also illustrate this in even higher profile. They accent the problems of agreeing on transportation arrangements, because the political stability is relatively well established. It is therefore useful to recall some details.

In 1993, Russia limited exports of Kazakhstani crude oil, saying that the Tengiz field had too high a level of corrosive sulphur compounds called mercaptans. As a result of Moscow's insistence, Chevron had to build a treatment plant to extract hydrogen sulphide from the crude oil before putting it into Russia's pipeline system. Although Chevron already had the capacity to extract nearly 100,000 tons per month, which figure was set to double by the end of 1994, exports fell to 12,000 tons per month and remains low.<sup>5</sup>

From the beginning Chevron wanted a direct pipeline to a port, but disputes arose over which port it should be, who should pay for construction, and how. It was agreed that the pipeline from the Tengiz field to the Black Sea would be built and managed by the Caspian Pipeline Corporation, a joint venture among Kazakhstan, Russia, and the Oman Oil Corporation. Chevron was asked to finance most of the \$1.4 billion cost because Russia and Kazakhstan have no money, yet was offered only a minority share in the pipeline. The bulk of Chevron's share was instead to go to Oman Oil, whose presence in the consortium Chevron never liked and whose financial participation would be minimal. This impasse led Chevron to slash its investment in Tengiz by 90% for 1994.<sup>6</sup>

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<sup>5</sup> 'Pipeline Problems I', *East European Markets*, Vol. 14, No 20 (30 September 1994), p. 7; Pat Davis Szymczak, 'Russia Holds All the Cards for Caspian Sea Oil Developments', *Central European*, Vol. 4, No 10 (October 1994), pp. 27-29.

<sup>6</sup> 'Central Asia Pipeline Problems', *East European Markets*, Vol. 13, No 12 (11 June 1993), pp. 11-12; Marshall Loeb, 'Getting Pushed Out of America', *Fortune*, Vol. 130, No 5 (5 September 1994), pp. 117-118; 'Chevron's Problems Concern Many', *East European Markets*, Vol. 14, No 16 (5 August 1994), p. 7.

In early 1995 Russia and Kazakhstan agreed to construct a short section of the Caspian pipeline, a 150-mile line from Kropotkin in the north Caucasus to a new Black Sea terminal north of Novorossiisk (to be opened in 1997). Russia announced plans to ship nine million tons per year through it to justify the link economically without the need for Tengiz oil, and Oman Oil is to seek the \$400 million financing from international banks. Yet even this arrangement fell through when Oman failed to secure international financing by October 1995, and Russia and Kazakhstan failed to meet their contractual obligations for capital contribution.

How is this impasse to be explained? More than simple economic hardball is involved. Early on, Kazakhstani officials asserted that the Bush Administration was pressuring them to sign with Chevron as a condition for obtaining U.S. support for economic assistance. Kazakhstan's lack of sympathy for Chevron's protests over the pipeline to Novorossiisk becomes more understandable if this is true. However, the differences between Chevron and Kazakhstan that nearly led Nazarbaev to cancel the deal and open bidding on the Tengiz project to other western oil companies, concerned mainly social infrastructure. Out of the \$1.5 billion investment originally projected in the first three years, Chevron balked at allocating more than \$50 million for hospitals, schools, and the like. The international oil and gas conglomerates simply do not pay attention to problems of social infrastructure despite their importance for political stability, with which governments (including Western governments) must nevertheless be concerned.<sup>7</sup>

Nor is Russia blameless. The deal between Chevron and Kazakhstan has been effectively halted, because most realistic possibilities depend on Russia and landlocked Kazakhstan refuses to pipe it across Iran to the Persian Gulf. As a result, other possibilities for trans-Caspian transport are currently being studied, but Russia has consistently demanded both a political veto and an economic interest in any Caspian Sea project.<sup>8</sup> Its disputes with Azerbaijan over offshore fields are well known. It forced its way into the Karachanagak gas project in Northwest Kazakhstan, with the result that exploration is delayed. It has done absolutely nothing to develop the Shtokmanovskoe field in the Barents Sea.<sup>9</sup>

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<sup>7</sup> 'Kazakhstan May Reject Chevron', *East European Markets*, Vol. 13, No 4 (19 February 1993), pp. 8-9; Rose Bradu and Peter Galuszka, 'The Scramble for Oil's Last Frontier', *Business Week (Industrial/Technology Edition)*, No 3300 (11 January 1993), pp. 42-44.

<sup>8</sup> Russia has also raised objections under international law. See Jeremy Carver and Greg Englefield, 'The Future Development of the Caspian Sea. Russia and the Other States of the CIS', *Newsletter* (May 1995).

<sup>9</sup> For background, see 'Shtokmanovskoye Award Blasted', *Oil and Gas Journal*, Vol. 90, No 50 (14 December 1992), p. 19.

### 3. An Investment-Friendly Financial and Legal Climate Realises Energy Security.

Above all the most significant question is how to put into effect international norms for promoting financial stabilisation with a view towards economic development. International financial institutions have been at work on this, but they focus on specific countries individually, and on specific policy issues like privatisation, price reform, and currency stabilisation. This useful approach nevertheless tends to overlook the interactive effects of relations among the NIS, particularly the transnational connections between national microeconomic and macroeconomic policies, as well as the need to coordinate these multilaterally.

Macroeconomics and microeconomics in any single given country are interconnected through the ensemble of national legal regimes that mediates between domestic exchanges and international flows. These legal structures represent nothing less than the interface between the individual country's society and national economy on the one hand, and, on the other hand, the rules of the international economic order that TNCs follow and to which they are accustomed.<sup>10</sup> They affect the success of both microeconomic and macroeconomic reforms. For example, successful microeconomic policy on privatisation and price reform requires the establishment of effective systems for accounting law, property ownership, inheritance law, contract law, and bankruptcy law. Likewise, successful macroeconomic policy in (for example) convertibility, currency reform, or international borrowing is linked to the creation of foreign trade, banking, and insurance systems.<sup>11</sup>

Western leadership has already been required to solve important payments problems. Large amounts of U.S. aid to Ukraine have been handed over directly to Russia in payment for energy supplies. This is no secret and is even encouraged by Washington for purposes of political and economic stabilisation. The U.S. has also set up and attended negotiating sessions in Turkmenistan conducted by IMF officials to settle differences over payments between Turkmenistan and Ukraine. Where the West has not been involved, a barter system has made a partial comeback: Azerbaijan and Turkmenistan have agreed that the former's energy debt to the latter will be repaid with goods. These financial instabilities affect the living standard of the populations concerned, and hence too the political stability of the governments in place. These payments issues are not ad hoc problems but recurrent structural disequilibria needing systematic attention.

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<sup>10</sup> For technical background in a particular field, see Anand G. Chandavarkar 'Developmental Role of Central Banks: Beyond Their Regulatory and Monetary Policy Functions, Central Banks Can Foster Financial Innovation and Development', *Finance and Development*, (24 December 1987), pp. 34-37.

<sup>11</sup> For an overall conceptual framework, see Robert M. Cutler 'International Relations Theory and Soviet Conduct Toward the Multilateral Global-Economic Institutions: GATT, IMF and the World Bank' in Deborah A. Palmieri, ed., *The USSR and the World Economy* (New York: Praeger, 1992), pp. 105-135.

### III. The Unspoken Problem And How To Solve It

The coordination of foreign direct investment, macroeconomic stabilisation, and currency and financial affairs is of special significance. Some newly independent states originally hastened to adopt their own currencies. Russia forced those that did not to do so, by pushing them out of the ruble zone in the fall of 1993. Russia has reneged on its proposal for a monetary union with Belarus. With the exception of the Central Asian union among Kazakhstan, Uzbekistan, and Kyrgyzstan, currency cooperation is problematic to say the least. This difficulty complicates the macroeconomic stabilisation of the countries concerned. Western participation is needed and costs little. Energy payments and revenues account for so large a proportion of the national economies and foreign exchange of the newly independent states, that these issues inevitably affect macroeconomic stabilisation.

#### *1. The Unspoken Problem*

Because the newly independent states are unable to finance their own modernisation and resource exploitation and do not command a monopoly of technical capability, they must tap western companies for investment and know-how. Thus Western corporations and especially western oil and gas companies--the 'economic West'--rushed into fill the entrepreneurial vacuum after the Soviet Union disintegrated. Western states--the 'political West'--supported this transfer of capital because it seemed to complement their own goal of helping these newly independent states to integrate into the world economy and democratic political culture. Even when the newly independent states have significant bargaining cards when it comes to negotiating with Western companies, they often do not have the experience to recognise them or to play them wisely. That is all well and good so far as the corporations are concerned, especially if the 'political West' offers nothing that the newly independent states could use to counterbalance against Russian demands. However, that is not in the interest either of Western governments or of their voting publics who need dependable and reasonably priced Eurasian oil and gas, because it is not in the interest of the political West for the NIS to be powerless vis-a-vis Russia. Such a situation would strip the West of leverage vis-a-vis both Russia and the corporations, and effectively makes the West politically dependent upon Russia alone for its own energy security.

The oil companies' acquiescence in the 1973 oil embargo and their response to the Iranian revolution make the 1970s a watershed for American perceptions of economic security. The unmistakable conclusion must be that the international oil and gas companies will bend in the direction of greatest economic gain unless, as in the case of the U.S. embargo on Iran, there are clear and unambiguous financial and legal penalties. The U.S.-European rift in the early 1980s, over the provision of pipeline technology to the Soviet Union, illustrates that even in that case corporations do not always behave as their governments might prefer.



The reason is that the international oil and gas corporations have grown more powerful than governments and developed divided political loyalties. They no longer follow unquestioningly the interests of the political entities called states, which nurtured them when they were nationally based and where their physical headquarters are nominally located. But the corporations are constrained by legal norms. Not only that: they will in general refuse to act in a legal vacuum of legislative uncertainty. They are therefore dependent upon states, whose political authority and autonomy their expansion has done so much to weaken over the last quarter-century. States, on the other hand, can defend their interests and those of their citizens against the corporations only through law, national and international.

Not only is it the general absence of national and international legal frameworks for private ventures the most obvious obstacle, other than the threat of political instability, that stands in the way of energy resource development.<sup>12</sup> These frameworks also are the means for ensuring that the interests of states and their citizens are respected, including the need for balanced socio-economic development in the newly independent states. Creating those frameworks and making certain that they dovetail with one another and with international laws is thus the unspoken problem here.

## 2. *How To Solve It*

Cooperative energy security provides the answer. Specifically, the answer is to establish a Eurasian Oil and Gas Association (EAOGA, pronounced 'yoga') to realise the vast energy potential of the newly independent states. The oil companies have economic clout but they need an environment of investment stability, business-like ethics, and the necessary legal framework. That takes political clout, which only Western governments can offer. Even oil company executives would agree that the development of energy resources is too important to be left to them alone. The nature and variety of technical and geophysical obstacles in Central Asia has already required pooling of financial resources, transport facilities, and technical know-how. The complexity of the technical problems in the Tengiz venture has already required new forms of organisation and decision making.<sup>13</sup> Outmoded political structures must likewise be either transformed or bypassed.

In the early 1950s France and Germany created the European Coal and Steel Community in order to prevent yet another war in Europe. In so doing, they placed under international control the resources upon which conventional war-making depended and laid the groundwork for the European Union. A Eurasian Oil and Gas Association (EAOGA) could guarantee national and international security multilat-

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<sup>12</sup> Peter Nulty, 'The Black Gold Rush in Russia', *Fortune*, Vol. 125, No 12 (15 June 1992), pp. 126-30.

<sup>13</sup> Sue Conning, 'Be Willing to Improvise', *Systems 3X/400*, Vol. 21, No 12 (December 1993), pp. 50-54.

erally; however, it would have to work differently. EAOGA should not create an international bureaucracy like UNCTAD. It should not seek to cede national authority to an international body like the Law of the Sea Treaty. Nor should EAOGA control those natural resources or their extraction and sale.

Rather, it should establish the rules of the game for opening those resources up, promoting international regimes for the development of energy resources. The West can ensure that national systems of banking, finance, and legislation in the NIS dovetail with international requirements by basing EAOGA on the Energy Charter Treaty, which both the U.S. government and the international oil industry support.<sup>14</sup> Being an association rather than a community, EAOGA could go beyond mere governmental participation. Transnational oil companies would be there. Voluntary citizen organisations from the NIS would be there, helping to promote desperately needed 'civil society' and democratisation.

#### IV. Conclusion

Increasing energy demands by the newly industrialising countries in what used to be called the Third World enhance the importance of the search for new energy sources in the world as we move towards the early 21st century. The countries of the European Union already import half of their primary energy requirements. This figure that will reach 75% by the year 2020.<sup>15</sup> Developing the resources of the newly independent states and bringing them smoothly to market could stabilise global energy balances, make prices more predictable, guarantee Western supplies, and assure the regions' balanced socio-economic development. The energy resources of the South Caucasus and Central Asia therefore present enormous potential for the West, but the potential of the unbridled economic development of transnational oil and gas projects represents an enormous challenge to the governments (and the publics that they represent) that will carry the social costs of that economic development.

Moscow seems concerned that development of resources outside Russia will threaten her own share of the world market. However, the energy monopolies and ministries in Russia would probably like to participate in the development of resources outside Russia, for the purpose of economic gain. This is resisted by the approximately 400 monopolies of the military-industrial-security complex that continue to set the principal prices in the Russian "market" and still dominate its political economy. Russia has imposed prohibitive and even punitive costs for transit rights, costs so high that it is hardly economically viable to look for the oil and take it out of the ground in the first place. The other players must choose among con-

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<sup>14</sup> For brief background, see Bruce Barnard, 'European Energy Charter: Swapping Technology for Oil', *Europe*, No 341 (November 1994), pp. 20-21.

<sup>15</sup> Metmet Ogutcu, 'Eurasian Energy Prospects and Politics', *Futures*, Vol. 27, No 1 (January-February 1995), pp. 37-63.

tinuing to do for next to nothing, thus allowing Russian reintegration of the CIS to become an iron lock (as in Chechnya), and acting to make sure its own interests are reflected in the way that reintegration occurs. Western companies are concerned mainly with economic investment in the region, but Western states must be concerned with its balanced economic development and related ethnopolitical equilibrium. Energy security requires the region's balanced socio-economic development, which in turn requires harmonious relations among the states of the region. Only on this basis can real progress be possible towards satisfying the basic human needs of food, shelter, and access to medical care for the publics there: not to mention the transfer of technology, expertise, and training for which only the West can provide the vast amounts of capital and know-how necessary.

The oil and gas conglomerates are necessary for that development, but they have until now been 'free riders' profiting from the 'security goods' provided by states and international organisations.

Even tax laws are no guarantee that they contribute to picking up the costs, since the oil and gas TNCs are frequently able to negotiate special treatment. TNCs create massive social costs that political institutions must cover. This has always been so, but today the situation is qualitatively different. In the newly independent states, where the apparatus of government is still implanting itself, and where political authority over society is not truly consolidated, the security problems caused by unbalanced social and economic development are not merely national but international and transnational.

A transnational association of governmental, nongovernmental, and intergovernmental organisations is therefore called for. It would rally all levels of international society in order to safeguard cooperatively their own economic security and thus guarantee to the TNCs, and in concert with them, the political stability that the latter require for their development projects. Only this pragmatic coalition of the West, the international oil and gas industry, and local citizen groups as well as governments in the NIS, can push and pull newly independent states along the road to reform and a commitment to businesslike practices.

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## KRASNODAR REGION: MIGRATION, NATIONALISM AND REGIONAL RHETORIC.

Alexander Ossipov\*  
(Russia)

The trends and character of migratory policy in modern Russia are closely linked with questions that are matters of principle: the extent of Russian society's openness, the bases of its relationship with neighbouring states, the division of powers between the centre and the periphery within the framework of a federation, the real possibilities for safeguarding law and order and basic human rights, the role and the place of national ideology, and the interpretation of the concept 'national interests'. A study of migratory policy carried out in separate regions and the ideological discourse linked with it allow one to see the peculiarities of processes of great importance not only for Russia as the whole, but for neighbouring states also, because the activity of regional authorities in this field directly influences internal political relations. The aforesaid may refer in particular to the north Caucasian regions of the Russian Federation mainly populated by Russians, namely, the Krasnodar region.

This is currently the subject of lively comment by local mass media, representatives of the regional and district administration as well as public and political figures, who often express their viewpoints on this matter. Migratory influx is assessed as one of the main problems, being a source of a great number of difficulties and troubles for local residents. 'For several years Kuban Society has been in a state which is close to panic - due to the intensive migration into the region of refugees from all parts of the ex-Soviet Union'.<sup>1</sup> What are the characteristic features of the discourse on the questions connected with migration, and how does its content square with the current situation?

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\* **Alexander Ossipov** is a Fellow of the Institute of Ethnology and Anthropology at the Russian Academy of Sciences.

<sup>1</sup> Kirianov I. 'The Kuban will give warmth, food and... say farewell', *Komsomolskaya Pravda*, (5 April 1994).

## 1. Migratory Situation

The Krasnodar Region occupies an area of 75.5 thousand square kilometres (excluding the Republic of Adijei, the former autonomous province of Adijei which ceased to be a component part of the region in 1990). According to the census of 1989 its population is 4,620,900 people.<sup>2</sup> By the end of 1994, due to the migratory influx, the estimated number of residents of the region reached 4,987,100 people.<sup>3</sup> In 1989 Russians made up 86.7 percent of the population of the region excluding the Adijei.<sup>4</sup> The migratory influx into the region, caused by political and social and economic cataclysms has significantly increased since the end of the 1980s. From 1980-83 the population of the region (including the Adijei) grew owing to the migration of 76,890 people, from 1984-87, 119,708 people, from 1988-91 - 203,878 people (excluding Adijei).<sup>5</sup> Mechanical growth in 1988 amounted to 30,650 people in 1988 and in 1994 to 95 800 people.<sup>6</sup> Since 1990 the natural increase of the population is measured in negative figures, and general growth in 1993 amounted to 60,300 people and in 1994 to 63,000 people.<sup>7</sup> Due to various causes among which favourable natural-climatic conditions, developed infrastructures, and relative political stability are of not least importance, the region turned out to be attractive for refugees of various categories from different regions of the ex-USSR as well as for the 'forced' migrants leaving the regions of armed conflicts and the territories where a more or less discriminatory policy is being openly carried out.

The main volume (66 per cent in 1994) of the mechanical influx is the result of inter-regional migrations within the Russian Federation, 48 per cent of this category consisting of settlers from Siberia, the Far East and Extreme North, 19 percent being settlers from the North Caucasus. The Republics of the ex-USSR provide one third of the overall number of migrants. Between 1994-95 the biggest influx arrived in the region in decreasing order from Kazakhstan, Ukraine, Georgia, Uzbekistan and Armenia. In the ethnic context representatives of East Slavic people (87,39 per cent) and Armenians (7.74 per cent)<sup>8</sup> prevailed among the migrants from the 'Near Abroad'.

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<sup>2</sup> *The Krasnodar Krai. Administrative and Territorial Division*, Krasnodar, 1988, p. 6; *National Composition of the Population of the USSR*, Moscow, 1991, pp. 42, 50.

<sup>3</sup> According to the data given by the administration on matters of nationalities, migration and regional policy of the administration of the region.

<sup>4</sup> *National Composition of the Population of the USSR*, pp. 42, 50.

<sup>5</sup> *The Kuban News*, 20 August 1992.

<sup>6</sup> 'The Network of Ethnological Monitoring and Early Prevention of Conflicts', *Bulletin*, Vol. 6, August 1995, p. 52.

<sup>7</sup> According to the data given by the administration on matters of nationalities, migration and regional policy of the administration of the region.

<sup>8</sup> 'The Network of Ethnological Monitoring and Early Prevention of Conflicts', *Bulletin*, Vol. 6, August 1995, p.52.

The total number of forced migrants by mid - 1995 exceeded 200,000 people according to the data of the Regional Administration for Internal Affairs. These people were registered by the bodies of the Ministry of Internal Affairs according to the place of residence and only a small number of them got the official status of refugee or forced migrant.

In 1994 'Russian-speaking' people (Mainly Russians and representatives of other East Slavic people) made up approximately 61 per cent of this category, Armenians - 24.7 per cent, Azeris - 1.4 per cent, Kurds - 1 per cent, Turks - 7.2 per cent, Assyrians - 0.3 per cent.<sup>9</sup> The remaining 4.8 per cent were mainly Abkhaz and Georgians - refugees from Abkhazia. In 1995 the Russians' share increased a little due to the influx of refugees from Chechnya.

A remarkable number of temporary and seasonal migrants arrive in the region from the Transcaucasus and the republics of the North Caucasus as well. Many 'economic migrants', coming first of all from Georgia and Armenia, avoid any contacts with the authorities and these very circumstances serve as a basis for various kinds of speculation about the large number of illegal and non-registered migrants settled in the region as well as about their ethnic composition.

## **2. Regional Acts regulating migration.**

The reaction of the regional authorities to the influx of migrants basically takes the form of various restrictive measures, complicating settlement for the newcomers, as well as by measures taken to control those persons who are temporary residents on the territory of the region. On the basis of the Resolution of the regional Council of People's Deputies of 26 August 1989 the permanent registration (permission of permanent residence) of those citizens who were arriving to settle in the region, was ceased till 1 January 1992 'due to the overpopulation of the area, the acuteness of food, residential, social, ecological and other problems, and tension in inter-national matters'.<sup>10</sup> Notary offices and executive committees of the local Councils were forbidden to certify a contract for the purchasing and selling of houses exercised by the citizens who had no permanent registration.

On 7 August 1992 the Session of the Regional Council took the decision 'Concerning regulation of migration in the Krasnodar Region' defining the strategy and main trends of migratory policy of the regional authorities. This document has extremely toughened up the procedure for registration and introduced all the basic restrictions valid up to the present day. Several categories of persons were established who could obtain permanent residence on the basis of permission: these were the closest relatives of residents of the region; former residents of the region unlawfully repressed in the period from 1920-50; former residents of the region retaining the right of a dwelling space; those servicemen and soldiers who had obtained their dis-

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<sup>9</sup> 3 October 1994. The author has a copy of this text.

<sup>10</sup> *Soviet Kuban*, 14 September 1989.

charge and were transferred to the reserve; residents of the region who had served a sentence according to the verdict of the court; specialists who were needed for the region as an exception within the limits of established quotas; persons who were born on the territory of the region or had resided there for more than 5 years; citizens having relatives in the line of ascent residing permanently on the territory of the region for more than 5 years; persons having arrived in the region from the republics of the ex-USSR as a result of residence-exchange. For everybody else a ban on registration was imposed.<sup>11</sup> Later on the administration of the region passed a series of acts mainly asserting the decision of the Regional Council of 1992, step by step toughening up the details the migratory regime and introducing new sanctions for its infringement. From March-April 1993 obligatory registration was introduced for residents of countries from the 'near abroad' temporarily residing on the territory of the region. In fact a border control was established in the area. According to the resolution of the Head of Administration of the Region T222 of 19 April 1994, a visa regime has been established for the residents of the countries of the CIS that entered the territory of the region.

On 7 June 1995 a regional law was passed 'on the Order of Registration of the term and accommodation on the territory of the Krasnodar Region'<sup>12</sup> by the Legislative Assembly of the Krasnodar Region and on 23 June it was signed by the governor, Mr. E. M. Kharitov. The law reproduced all the main provisions of the previous acts and introduced new restrictions. Thus, according to the law, citizens of the Russian Federation should be registered, as well as temporary residents on the territory of the region, and the length of time required for settlement has been increased from 5 to 10 years for permanent residents of the region who are entitled to register their closest relatives and the like with themselves.

The question of migratory policy is directly linked with the constitutional distribution of competence between the federation and the subjects of the federation as far as human rights are concerned: Article 71 of the provision 'B' of the Constitution of the Russian Federation of 1993 pertains to the Russian Federation 'regulation and safeguarding of human rights and freedoms of a citizen, regulation and protection of rights of ethnic minorities'. Distribution of competence within the Federation was described in a similar way in the Constitution of the Russian RSFSR before the enforcement of the Constitution of the Russian Federation in 1993. It is obvious that the normative acts, passed in the Krasnodar region (similar to those in other regions), provide not for the protection, but rather for the regulation, of human rights and decrease the level of state guarantee for these. Therefore, the penetration into the competence of the federation is absolutely clear. The restrictions taken by the regional authorities since 1989 and directed against migrants contradict and will contradict the constitutional bases of the RSFSR and the Russian Federation. Although the measures of the regional authorities described above are contrary to fed-

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<sup>11</sup> *The Kuban News*, 20 August 1992.

<sup>12</sup> *The Kuban News*, 6 July 1995.

eral legislation, on the whole they have not encountered any opposition from Moscow; on the contrary, they have met with support.

### 3. Practice.

The acts of the regional authorities of a distinct antimigratory character have been impact on the condition of migrants from most of the Russian regions. First of all, many people who belong to this category have relatives in the Kuban or are the natives of the territory of the region. Secondly, according to the current resolutions, permanent registration is given to the employees of enterprises and organisations who, on a sharing basis, take part in building housing and in the development of the infrastructure on the territory of the region. Migrants of Siberia and the Extreme North to a significant extent belong to this very category and it is beneficial to the authorities to develop a relationship with structures ready for investment in the regional treasury.

The forced migrants turn out to be in a different situation, especially those from the 'near abroad' and 'the individuals of non-Slavic nationalities'. Till 1993 in the Russian Federation there was no established or united order of registration of refugees. In the Krasnodar region temporary regulations on work with the forced migrants were introduced in August 1992. Meskhetian-Turks arriving in the region from Uzbekistan after the Fergan events of 1989; Kurds and Azeris fleeing Armenia, and Armenians leaving Azerbaijan, i.e. the individuals who had arrived in the region before the USSR fell apart - did not get permanent residence or encountered significant impediments in obtaining it. In 1992 the regional authorities allowed only those individuals who had close relatives in the territory and those who were the citizens of the Russian Federation to be given the status of forcibly displaced persons. These principles are valid till the present day, and the regional immigration service founded in 1993 is guided by them. The resolutions of the head of Regional Administration T494 of 23.12.1993 and T222 of 19.04.1994 allow the regional immigration service to endow with the status of refugee or forced migrant only those individuals who have relatives permanently residing on the territory of the region for more than 5 years (spouses, parents, children, own brothers and sisters). According to the regional law of 7.06.1995 'the right to a settled way of life' for those who are entitled to register their refugee relatives with themselves has been prolonged from 5 to 10 years. Thus only a reduced number of people are endowed with the status of forced migrants.

Although by mid-1995 there were more than 200,000 actual refugees and migrants in the region, from 1 April 1992 till 1 July 1995 the status of forced migrant was given to only 23,443 people, among them 1859 in 1994 and 7,392 people in the first half of 1995 (mainly refugees from Chechnya).<sup>13</sup>

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<sup>13</sup> 'The Network of Ethnological Monitoring and Early Prevention of Conflicts', *Bulletin*, Vol. 6, August 1995, p. 18; *Bulletin*, Vol. 7, November 1995, p. 15.



The policy of the regional authorities and the administrations of lower levels is directed at the creation of maximally unfavourable conditions for life and settlement for migrants from ex-Soviet republics who do not belong to the privileged categories and aims at, on one hand, stimulating their departure from the territory of the region, and on the other hand - averting the entrance/arrival of new migrants. A powerful means of pressure on migrants is registration, as the lack of it deprives people of a series of basic rights. According to the data of the office for Internal Affairs in October 1994, out of 184,125 'migrants, arriving in the region for settlement on an inter-national basis' 56,401 were not registered (30.6 per cent), and this proportion essentially remains unchanged to this day.

The refugees from ex-Soviet republics, settled on the territory of the region before 1992 and not having obtained registration, are not recognised as Russian citizens in contravention of the law of the Russian Federation 'On citizenship' (first of all it refers to Meskhetian Turks). The unregistered are refused marriage registration (even if only one of the spouses has not got the registration). Those who have not been registered before are refused the necessary official registering of houses purchased by them between 1989-1990. Those refugees deprived of the registration but the exceptions can not be employed at a permanent job and have positions that require qualifications. Due to the lack of permanent registration pensions, allowances and benefits are not paid.

Regional resolutions of previous years, despite their strict character, allowed definite, although restricted possibilities for the registration of migrants from the ex-Soviet republics. Present data reveal definite ethnic preferences of the authorities in these matters. According to the information of the office for Internal Affairs quoted above, in October 1994 the composition of the group of forced migrants having no registration, consisted of 13.1 per cent Russian-speaking migrants - 49.9 per cent Armenians, 94.8 per cent the Turks.

Serious problems for migrants and generally for individuals of 'non-Slavic nationalities' are caused by the active participation of the Cossack movements that came into existence in 1989-1990 calling for a 'rehabilitation' of the Cossack population as a military class/estat that existed before 1917 and was the subject of ruthless repression by the Soviet authorities, as well as for group rights for the Cossacks as a special 'cultural-ethnic' community. These ideological premises in line with strong nationalistic tendencies, the cult of strength and socially archaic character condition the nihilistic attitude of many of the leaders and activists of the Cossack movement towards the law in general and towards the current legislation in particular. In some regions of Russia, including the Krasnodar region, the Cossack organisations create militarised formations with the connivance of some authorities and local administrations and misappropriate some authoritative functions. At the same time they strongly influence regional administrations and authorities at lower levels, and these demonstrate at least a readiness to give way to the Cossacks.

Since the beginning of the 90s members of the Cossack organisations have cooperated with the policy in patrolling and checking the passport regime. The Reso-

lution of the Head of Administration of the region T220 of 19.04.1994 legalised this practice. 'The raids' to 'check the passport regime' carried out by the Cossack organisation illegally as well as with the staff members of the bodies of the Ministry of Internal Affairs are accompanied by unsanctioned search of houses, beatings and threats against the refugees.

#### **4. Ideological situation**

The range of opinions brought to local people's notice is kept within the following range. At one end there is the comparatively controlled comment found in official documents; excerpts from the Resolution T 222 by the Head of Administration of the region 'Concerning extraordinary measures for fighting against criminality': 'Refugees and forced migrants continue to arrive in the region... Together with the refugees criminal elements penetrate into the territory of the region and they are united into organised armed criminal groups. Recently approximately one and a half thousand crimes have been committed with their participation. At an accelerating speed prices are being raised on property, food and other necessities. Property stratification is increased on a national basis. The struggle to compete for jobs, land and trade has been aggravated and that creates preconditions for inter-national conflicts'.<sup>14</sup> From the Resolution T 222 by Head of Administration of the Region 'Concerning measures for increasing control of migratory processes in the territory of the Krasnodar region': 'Krasnodar region is one that experiences a redundant migratory pressure... A significant part of the migrants have not got the citizenship of the Russian Federation and arrive from the Soviet States of the 'Near Abroad'... This multi-national migratory influx creates a serious threat to social and political stability in the region, the prices of property rise at an exceptional rate, property stratification increases on the national basis and the ground is being created for inter-national conflicts'.<sup>15</sup>

At the other end there is the rhetoric of radically nationalistic organisations. The armies of the Caucasian and Transcaucasian 'refugees', criminal elements, leaders of the 'shadow' economies, traders and profiteers are flowing incessantly into the district... They behave in a pushing, insolent way, insulting and terrorising native residents... They establish all kinds of diasporas, societies, communities, unions, endeavour to suggest to the native residents that they are alien and that Armenians, Turks, etc. are the indigenous population of the Kuban. With the connivance of the leadership of the city and district alike, and the legislative bodies, a mass registration of individuals from foreign countries is being carried out, our resources are being sold - lands, industrial and residential buildings, restaurants, cultural centres and other property. Due to this, the Slav population of the region has been brought down to a state of slavery, deprived of property, called on to serve the newly arrived

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<sup>14</sup> *The Kuban News*, 27 April 1992.

<sup>15</sup> *The Kuban News*, 29 April 1994.

'hosts'.<sup>16</sup> From the programme of the whole Kuban - Cossack troops at the elections to the Legislative Assembly of the Krasnodar Region (October - November 1994): 'It is exactly the anti-people, anti-Russian policy of the present leadership of the country that has turned Russians into an extinct nation. There is a real threat that in the near future the Slav population of Russia and the Kuban may become an ethnic minority... The Kuban is a region of 100 peoples that have always lived in agreement, peace and friendship. It has always been a hospitable house but the guests should not become the hosts. We are for a strict migratory policy. All migrants that live illegally on the Kuban territory should be returned to their historic native land'.<sup>17</sup> All public, official and unofficial opinions on problems of migration in the Krasnodar region may be summarised as following:

1. External migration, especially the migration of the 'individuals of non-Slavic nationalities' is undoubtedly evil, as it causes a worsening of the socio-economic situation, increases pressure on the social infrastructure and local budget, decreases supplies of food and consumer goods and aggravates competition for accommodation and jobs.

2. Migrants are undesired and even harmful elements. They use the resources which rightfully belong to the native residents plus, it may be said they mostly contribute to an increasing criminality: refugees either commit crimes themselves or establish 'supporting bases' for the transportation of arms and trafficking of drugs and for the activity of criminals ethnically related to them 'on tour', who are hiding after having committed crimes in the Kuban, in the sovereign 'near abroad'.

3. Migration destabilises the political situation: the increase in 'foreigners' aggravates the dissatisfaction of the native residents and provokes conflicts. Besides, there is a chance of a clash between groups of refugees of different ethnic origins (e.g. between Armenians and Turks).

4. In terms of the above mentioned considerations the authorities are obliged to take prohibitive and repressive measures impeding the arrival of new migrants into the region and instigating the departure at least of those who have had enough time to settle. It should be noted that representatives of the administration and local mass media while giving voice to the above mentioned thesis distort or conceal facts, as well as trying some other methods of manipulation. First of all, it is groundless to talk about the extreme overpopulation of the region causing supply problems for the inhabitants. According to some estimates as mentioned above, due to the migratory influx of the past years, the average density could increase to 69 people per square kilometre. But for comparison the same index in Ukraine amounts to 86 (in Crimea - 111), in Turkey - 76, in France - 101, in Great Britain - 230 people per square kilometre. It should be born in mind as well that Krasnodar Region is mostly an area

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<sup>16</sup> From *'The Address to the Citizens of the Region'*, taken at the gathering of Cossacks of the Crimean municipal Cossack Circle on 28 January 1994, quotation according to the text of the leaflet.

<sup>17</sup> Quotation according to the text of the leaflet.

of plains, most of which is very apt for settlement and economic management. The shortage of jobs caused by the reduction in manufacturing is a common problem for practically all the regions in Russia and the Krasnodar Region in this context is hardly in a worse state. The key point concerns rather attitudes towards the migrants as well as towards the crowds of dependants living on the budget as parasites unable to provide themselves independently with accommodation and jobs. The flow of migrants influenced the provision of the population with food and consumer goods in the period of rationing, but after transferring onto the marketing relations this problem was solved. Furthermore, many refugees, who go in for trade, promote a better provision of the districts they live in. The fact that practically all the families of refugees in 1989-91 could obtain property residences from the people who were striving to leave the region (including Crimean Tatars and Greeks) is not indicative of the deficit of accommodation in the rural area.

Secondly, official statistical data do not confirm the marked criminality of the refugees and generally of the people who are arriving. According to the information of the Administration of Internal Affairs of the region signed by V.D. Lanovoy, the Head of Department of inter-national relations of the militia of public security, during 8 months in 1994 (January - August) 30,697 crimes were committed - 26,587 (86.6 per cent) by Russians, 1,464 (4.8 per cent) by Armenians, 28 (0,09 percent) by Turks. Out of the whole number 2,306 (7.5 per cent) crimes were committed by non-residents of the region, 1,175 (51 per cent of this number) by Russians. During 8 months in 1994 32,473 crimes were investigated - 28,363 (87.3 per cent) of which were committed by Russians, 1,527 (4.7 per cent) by Armenians, 23 (0,071 per cent) by Turks. Out of the whole number of investigated crimes 2,069 (6.3 per cent) were committed by newcomers, 556 (46.2 per cent) of them by Russians.<sup>18</sup>

Thirdly, absolutely different concepts like 'migrants permanently living in the region', 'people by birth from other districts that are located on the territory of the region' and 'foreign ethnic elements' - are being constantly replaced one after another. 'And so, 26,000 people had been registered with us ( by hook or by crook) in 3 specific months! ( in the last quarter of 1993 - A.O). ...Elementary arithmetic shows: at this pace in 10 years time the population of our region will be replenished by 1 million strangers' (from the interview with M.V. Savva, Head of Department of nationalities and migratory matters of the Administration of the Region.<sup>19</sup> People are being informed about the numbers coming into the region or about those who get registration instead of the balance of migration. It is only very rarely that the fact that the migratory influx is mainly provided by migrants from other Russian regions is publicly announced. Also, as a rule, nobody mentions that internal migration on the whole does not influence the ethnic proportions of the population of the region: representatives of the 'Russian speaking population' (mainly the Slavs) make up more than 87 per cent of all migrants from the 'near abroad' and Russians make

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<sup>18</sup> The author has a copy of this text.

<sup>19</sup> 'To Hold Out Till the End of the Night', *The Kuban News*, 31 April 1994.

up 83 per cent of the whole number of people who obtained permanent registration in the region (Armenians - 5.5 percent) in 1994.<sup>20</sup> The same proportions were recorded in 1995; in the first quarter 25 331 people got the registration, among whom 83 per cent were Russians (eastern Slavs - 88.8 per cent), Armenians - 5.1 per cent, Azeris - 0.3 per cent.<sup>21</sup> For comparison - in 1993 114,170 people were registered in the region and 88 per cent of them were Russians; 5 per cent - Armenians.<sup>22</sup> Reports of the half a million or a million strong 'tidal wave' of uncontrolled, illegal migration from the Transcaucasus are groundless. While referring to the number of infringers of the migratory regime revealed by the militia (A. G. Saprunov, Head of the Administration of Internal Affairs of the region, informed about 60 thousand infringers revealed from April to November, 1994 out of which 3.5 thousand were deported from the region)<sup>23</sup>, there is no mention of the number of people who have arrived in the region for a short visit without invitations, not obtaining certificates of temporary registration, while this very category should be considered the majority.

No clashes between migrants of different ethnic origin have been registered in the region. Gatherings of residents demanding the deportation of the 'foreigners' took place only from 1990 to the beginning of 1992 and these were not widespread.

Fourthly, the circumstance was ignored that a significant number of refugees from the 'near abroad' against whom repressive measures were taken, are the people who arrived in the region before the dismantling of the USSR without breaking the legal norms that existed in those times and who have lived in the region for several years, acquired houses and other property, not having a real chance to move to any other region.

Several rhetorical figures are worth mentioning. They are used by the representatives of the administration and by public officials during debates on the problems of migration. First of all there is a reference to the special state of the region and the extraordinary conditions ('overpopulation', 'frontier state', 'closeness to the regions of national conflicts' and even 'strategic state of emergency'), which serve as if as a basis for a special status and special 'rights' for the region allowing exemptions from federal legislation.<sup>24</sup> From the interview with N.D. Egorov (at that time - Head of Administration of the region and the candidate to the Council of the Federation of the Russian Federation): '... migration still remains one of the key social problems... Although according to the law we cannot prohibit them (the refugees) from coming to our territory, nevertheless we do it, we prohibit and even deport

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<sup>20</sup> 'The Network of Ethnological Monitoring and Early Prevention of Conflicts', *Bulletin*, Vol. 6, August 1995, p. 52-53.

<sup>21</sup> According to the data of the administration on matters of nationalities, migration and regional policy of the administration of the region.

<sup>22</sup> 'The Network of the Ethnological Monitoring and Early Prevention of Conflicts', *Bulletin*, Vol. 3, July - September 1994, p. 21

<sup>23</sup> *The Kuban News*, 19 November 1994.

<sup>24</sup> Savva M. 'To Defend Legal Rights of the Region', *The Kuban News*, 25 September 1993.

them. These measures are forced; if we do not do it, the standard of living of the permanent population of the Kuban will sharply decrease'.<sup>25</sup>

Appeals to the Federal centre are closely linked with such positions and publicly announced most frequently not by representatives of the administration but by the activists of nationalist organisations: the centre carries out a mistaken (radically disposed officials call it 'anti-people') policy, which ignores the specific character and 'rights' of the regions and thus compels the regions to take defensive measures. Variations are possible - the centre is also frequently blamed for inactivity and unwillingness to solve the burning questions of the day (e.g. to establish borders with the countries of the CIS), forcing the regional authorities to solve the problem on their own; on the other hand, refusal by the regional authorities to resolve local problems (e.g. denying registration to the refugees of the Soviet period, namely, the Turks) is motivated by the fact that such questions should be discussed by the central authorities.

The usual justification, with reference to 'the opinion of the people', made by many representatives of the authorities is that they personally have nothing against the Armenians, Kurds or Turks, but if their residence in the region is legalised it will cause no less than a rebellion of the local population. With the assistance of M.V. Savva, when he was the official responsible for nationality and migration questions of the administration of the region, as well as of some other officials, a scientific-like argument about the 'critical share' of the 'foreign migrants' as 15 per cent as if experimentally calculated by some English scientists has been introduced into circulation. After exceeding it the permanent population starts to demonstrate animosity towards the newcomers.<sup>26</sup> '... In world practice a leap over 15 percent of refugees and forced settlers means the beginning of negative social and political consequences'.<sup>27</sup> This thesis was supported and widely used by the officials of the regional and district levels in a slightly different modification allowing them to talk about an immediate, acute threat to political stability and at the same time free themselves from responsibility for whatever is happening referring to 'objective conformity with a law'. It has already been discussed that exceeding the 'critical share' of the 'foreigners' over 15 percent will bring about a social explosion, plus there are no exact data as to who should be considered as 'foreigners' - all the migrants of specific ethnic origin or within which territorial framework registration it should be carried out (populated area, district, the whole region?)

Representatives of the administration also actively make use of the law and order rhetoric which implies that the arrival of migrants which threatens destabilisation

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<sup>25</sup> 'We Should Stay a Stable Region', *The Kuban News*, 10 December 1993.

<sup>26</sup> 'To Hold Out Till the End of the Night', *The Kuban News*, 31 March 1994.

<sup>27</sup> From the interview with V. Polevoi, The Head of International and Analytical Subdivision of the Administration of the Federal Service of Counter Intelligence of the Krasnodar region. *The Kuban News*, 22 March 1994.

and increases pressure on the social infrastructure, means 'violation of the rights of the residents of the region'.<sup>28</sup>

It is worth mentioning that the notorious 'registration of the opinion of the people' rings with the strategy of conceding and even encouraging that is carried out by regional authorities towards radical and nationalistic organisations, first and foremost towards the Cossacks. The most sincere and sharp announcements on national problems and migratory matters are made by the Cossack leaders and activists but these announcements are welcomed by the press as well as by the airtime of the official mass media. Namely, such materials often appear in the pages of 'The Kuban News' - the body of the regional Council till February, 1994 and after that an independent newspaper actually retaining semi-official status and close to the regional administration.<sup>29</sup> The motive of necessity for guarding the 'ethnic purity' of the region and resistance to the 'Caucasian colonisation' often appears in the discourse of representatives of the administration and of public societies (especially the Cossacks). In some cases such opinions are expressed evasively - the priority of the 'interests of the natives' is discussed independently from nationality as well as the threat to them from the side of 'non-controllable migration'.<sup>30</sup> In some cases the motives for rejection of the refugees acquire a blatantly racist character. Claims that the local Slavic population is afraid to be turned into a national minority in the Kuban due to the influx of the 'Caucasian people', constantly advanced by the Cossack activists, are sometimes heard from the officials as well. A person carrying out the duties of the regional migratory service whose request was to remain incognito, during an interview in July, 1995 rather frankly said that the main objective of migration politics is 'to stop the wave of migrants of Caucasian origin' - Why? - '...In the region there are more than 1 million migrants. If it (migration) continues at such a rate in 30 years' time Russians may become an ethnic minority'. By such discourse not only prohibitive and repressive measures are justified but also the ethnic preferences in registration matters as well.

## Conclusions

To what extent is the situation specific to the Krasnodar region? A similar anti-migratory policy is being carried out in many other Russian regions including Rostov District, Stavropol Region, Moscow and Saint Petersburg. A similar ideological motivation and similar administrative devices exist in the activities of not only

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<sup>28</sup> See the Preamble of the Regional Law 'On the Regulation of Registration of Residence and Stay on the Territory of the Krasnodar Region', *The Kuban News*, 6 July 1995; Interview with V. Ostrozhny, 30 November 1995.

<sup>29</sup> See *The Kuban News*, 20 August 1993, 4 March 1994, 17 November 1994, 18 November 1994.

<sup>30</sup> Savva M., 'To Defend Legal Rights of the Region', *The Kuban News*, 25 September 1993; 'To Hold Out Till the End of the Night', *The Kuban news*, 31 March 1994.

the regional authorities in many parts of the Russian Federation, but of federal government as well. Despite many differences in detail the migratory policy of the Krasnodar leadership reflects the general tendencies of state building and political development in modern Russia, and therefore with the usual stipulations can be examined as a model for the other territories and in other situations.

1. On the regional level as well as on that of the federal authorities the notion about migration from outside, no doubt, dominates (first of all about migration from outside the borders of the Russian Federation ) not as the source and stimulus for development, but as a negative event which is a burden for the budget and for the economy as a whole. On top of this, since Soviet times the viewpoint about the necessity of administrative (and not economic) management of the migratory process has not changed and it is incompatible with the right of people to freely choose their place of residence. From these two purposes concerning the necessity of restricting the migration from outside (first of all the migration from the ex-Soviet Republics) by restrictive, prohibitive and repressive measures (including retaining this or that type of institution of permitted registration, assuming the creation of maximum unfavourable settlement conditions for migrants). This approach consequently is embodied in practice, and through unlawful means too.

2. The policy towards immigration from the ex-Soviet republics most vividly and obviously reflects the growing state nationalism and ethnocentrism - declaration by the authorities of mainly the states of so - called 'ethnic Russians' (in the first place Russians, and in the republics of the Russian Federation - the so-called 'titular nationalities) and practical measures for its consolidation. Federal and regional migratory policy is partly directed at providing a definite, high level of ethnic homogeneity of the population by means of creating 'ethnic filters' for migrants with the assistance of undeclared discriminatory practice as well as in the first attempts of carrying out 'mild ethnic cleansing'. (e.g. purposeful pressure on the Meskhetian-Turks in the Krasnodar region with the aim of compelling them to leave the Kuban). The legal nihilism of regional as well as federal authorities can clearly be seen.

3. In the migratory policy - neglecting human rights as well as existing legislation and the country's international commitments in the name of administrative purpose.

4. Migratory policy serves as a good illustration of the notorious process of 'federalisation' of Russia - the extension of the rights and opportunities of regional heads with the simultaneous diffusion of responsibility from the 'centre', as well as from the leaders of the subjects of the federation.

5. Regional populism is connected with the 'federalisation'. The leaders of subjects of the federation strive to provide themselves with a base of legitimacy by means of appealing to such categories as 'regional interests', presenting themselves as the protectors and mouthpiece against the 'centre'.

Regional populism includes the instigation of public opinion against the migrants (especially those of foreign ethnicity) as the source of social and economic difficulties. The other side of the coin of regional populism is the appeal to 'the will



of people' and to 'regional interests' as the justification for the necessity of ignoring the federal legislation and international commitments of the Russian Federation.

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## GEORGIA IN THE POST-SOVIET SPACE

Alexander Rondeli\*  
(Georgia)

The majority of the sovereign states in the world are small. The principle of self-determination and nationalism has turned out to be one of the most powerful and influential factors in world politics and will remain so in the near future. Hence the process of formation of newly independent small states' promises to last for a long period of time.

The questions about what is a small state, which states we shall call small or what are the determining factors of smallness, still remain open. There is no universal definition of a small state, even though several attempts to classify states according to the size of population and the size of territory have been made. Apart from these two main features of state typology (land area and size of population), particular important is state's economic and military power, which together comprises a state's political 'weight' in the international system. Small states have a minimal role and importance in world politics, but due to their growing number and significance they have generated an increased interest and received a special place in the international system. The main interest is concerned with small states' viability, with processes of newly independent state formation and their role and functions in the world politico-economic systems.

What are the main characteristic features of a small state? L.G.Jaquet argues that 'a small state is a state that is neither on a world scale nor on a regional scale able to impose its political will or to protect its national interests by exerting power politics'.<sup>1</sup> Robert Rothstein defines a small state as 'a state which recognises that it cannot obtain security primarily by use of its own capabilities, and that it must rely fundamentally on the aid of other states, institutions, processes, or developments to

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\* **Alexander Rondeli** is a Professor, Head of the Department of International Relations at Tbilisi State University.

<sup>1</sup> L.G.M. 'Jaquet, The Role of a Small State Within Alliance System', in: *Small States in International Relations*, August Schou and Arne O. Brundtland, Stockholm, 1971, p. 58.

do so; the Small Power's belief in its inability to rely on its own means must also be recognised by the other states involved in international politics'.<sup>2</sup>

Both authors stress the fact that a small state is also a weak power unable to defend its national interests by its own political and military means. We also have to admit that a small state is a weak power.

In the post-Soviet space the majority of states are weak powers with the exception of Russia and Ukraine. Very often the term 'small state' is used to describe a state with rather large territory but weak politico-military power. Some theorists prefer to call these states Weak Powers, which has more political rather than geographical dimensions. In this paper the term small state will be used with regard to those countries that have small territory and at the same time are weak powers.

A country can be small and weak but have a very strong and stable statehood and thus be a strong state (like Sweden, Norway, Austria etc.). At the same time a large and powerful country may have a weak state, and in terms of national security may be confronted with the same difficulties and weaknesses as small states. Internal weakness, lack of social and ethnic cohesion, weak economy and absence of stable institutions create serious national security problems for all states and for small ones in particular.

Until recently, in a world of very few liberal-democratic states and no international institutions like UN, small states used to become victims of imperialist neighbours and in many cases ceased to exist. The current international order is favourably disposed towards weak powers even if they have failed to create a unified civil society and their governments are not able to perform the most rudimentary tasks. Such states are the majority of African countries, Afghanistan, former Soviet republics and others. The international community guarantees juridical sovereignty to these states despite the fact that they lack political and economic viability. Robert Jackson labelled such states as quasi-states and their sovereignty as negative sovereignty.<sup>3</sup> The three most influential theories of international relations (Political Realism, Neorealism and Complex Interdependence) give small countries the role of geopolitical 'change', of a certain supplement to the medium-sized and large powers that are the main actors in world politics. In spite of everything, small states, at least in this century, have proved to have a surprising viability and ability to survive in an extremely harsh international environment. One possible explanation of this is the peculiar character of modern international society governed by the principles of international law. Another explanation lies with the interests of more powerful states, that find it in their interest to keep their smaller 'colleagues' alive in order to use them to preserve the balance of power on both a regional and global level.

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<sup>2</sup> Robert Rothstein, *Alliances and Small Powers*, Columbia University Press, 1969, p. 29.

<sup>3</sup> Robert Jackson, *Quasi-States: Sovereignty, International Relations and the Third World*, Cambridge University Press, 1993, p. 21-30.

The national interests and foreign policy priorities of a small state have regional, rather than global dimension. In some exceptional cases the regional importance of a weak power extends to the global scale, which is connected with the location of a state on the intersection of superpowers' interests, on civilisation borders or in the 'magnetic field' of global political and economic problems. The politico-economic capabilities and scope of action of these small countries take special parameters, which can be proved by the example of Russia and her neighbouring newly independent small states that emerged on the political map after the disintegration of the Soviet Union. Newly independent Georgia represents a typical example of a small, quasi-state that carries all the problems of a former colony located near the superpower.

New sovereign states are born as a result of different events and under different conditions. Usually the process of a new state's formation takes place after the extreme politicisation of a society strongly influenced by a wave of radical populism. This argument has been once again supported by the events that followed the collapse of the Soviet Union. The mystification of real political and economic conditions, ardent nationalism, excessive optimism, along with other objective factors, significantly shaped the collapse of the Soviet Union and the creation of newly independent quasi-states, including Georgia.

The absence of a mature political elite, the access to power of unqualified people whose vision was shaped by the clichés of provincial literary criticism and pseudo-patriotic historical literature, largely contributed to the formation of the domestic and foreign policies of the newly independent states. The new political elite failed to grasp the essence of geopolitical reality together with complicated political and socio-economic mechanisms and problems. As a result a small country with no vitally important natural resources, ethnic integrity and strong statehood became an arena of civil war and ethnic conflicts, not to mention social and economic catastrophe. Revolutionary governments mushrooming on the grounds of nationalism and populism proved to be incapable of assessing crucial problems as well as political and economic realities not only of their own countries but also of the outside world. As a result there followed strategic mistakes and failures.

Unfortunately the current international system is not willing to protect small, weak states, particularly those that are neighbouring big powers, their former metropolis. The collapse of the Soviet Union was followed by the series of interconnected political, economic, social, military, ethnic and psychological traumas. The mostly traumatised happened to be Russia, which is struggling to preserve its Great Power status, find a new identity, define the sphere of influence and defend her real and perceived strategic interests.

Russia's small neighbours, including Georgia, have realised that the norms and principles of international community are not working in the so called 'near abroad' and they are left unprotected vis-a-vis the most powerful state in the post-communist space. In the situation described, a small country has to take into consideration the national security interests of its powerful neighbour and conduct dip-

lomatic relations with Russia and other former Soviet Republics according to the existing geopolitical and economic conditions in order to ensure future survival and development. It is important to note that the main parameters of Georgian foreign and internal policy are substantially influenced by the values and principle interests of the Russian political and military authorities. Thus, Georgia has to accept the rules of the game that dominate international relations in the post-soviet space.

The economic problems of the newly independent states also turned out to be extremely complicated. Small countries of the post-Soviet space found themselves in a catastrophic situation, due to their limited resource base and highly specialised, undiversified economy. The economies of the former Soviet republics were part of an integral, all-union economic system and have not been adjusted to independent existence. They will need fundamental restructurisation and large investments in order to integrate into world markets. Georgia, for example, managed not only to lose its traditional economic sources and markets in the former Soviet Union, but also managed to destroy the most developed sectors of its economy.

Georgia, like other Transcaucasian republics, has not yet fully defined its position towards Russia. There are both integrational and disintegrational forces that operate now in Georgia. Towards reintegration with Russia Georgia is pushed by: the structure of its economy and need of vital resources and technology; also the acute energy problem, necessary access to the Russian market; the need to guarantee territorial integrity and sovereignty as well as a long tradition of friendship and close cultural ties with Russia. Disintegrational forces are supported by the new political and economic conditions in the former Soviet Union, by Russian military and political pressure that creates a negative reaction among Georgia's population and the lack of desire or the incapability of Russian business to deal with Georgia. We think that integrational processes are gaining momentum now, but neither sides have yet found nontrivial and civilised forms of cooperation, which could create favorable conditions for reintegration on a new basis.

Small countries of the post-Soviet space are going through severe economic and social difficulties. At the same time they are trying to build a real statehood, but objective and subjective negative factors hinder their attempts. Georgia too is confronted not only by economic problems but also by the difficulties of state building. What kind of economy should Georgia have, what kind of state should it build and on whose economic and military support should it rely in order to survive the hard times of transition? These are the questions that still remain open and the answers are not yet clear.

One has to ask also what are the national interests of Russia, Armenia, Azerbaijan and other states? The collapse of the Soviet Union occurred five years ago, but we ourselves and our neighbours could not manage to define the main priorities of national interest, foreign policy and national security. There are several objective and subjective reasons for it. One of the reasons is Russia itself, which so far has proven to its neighbours that 'if you are not with me, you are against me'. Small states neighbouring Russia found themselves not in the international or regional

community, but in a net of harsh and merciless politico-economic relations, where the leader or the hegemon is holding its weak neighbours and is busy 'amputating' their vitally important organs. In the long run, a consistent Russian policy of using sticks instead of carrots is not likely to give satisfactory results. Russia could have played a more positive role in the region, but it chose to adhere to the most vulgar norms of political realism.

We think that the most realistic and logical way of building a genuinely sovereign small state, with a well developed economy and viable statehood is through integration with other former Soviet republics.

The choice for small states neighbouring Big Powers in foreign relations is very restricted, mainly due to such phenomenon as the 'sphere of influence'. Powerful states build their spheres of influence either by peaceful means or by the use of active military power, threats and blackmailing. At the same time big states impose their 'rules of the game' and measure the 'dosage' of their actions according to the reaction of the opposing side. A good example of such policy is Russian actions in Transcaucasia during 1991-1994.

Another important characteristic of international relations in the post-Soviet space is the internal disintegration and disunification of the member states. This particular factor has played a negative role in the region and triggered violence, separatism and policies of 'teaching lessons' to the weak neighbours.

The actions of small states are not usually judged by the same standards as those of a big state. The latter operates independently and does not rely on others support, while small states count only on the support of the big powers and guarantee their security by 'borrowing' power from others. Thus small quasi-states, neighbours of Russia, located in the Russian sphere of influence are not always able to choose neutrality or non-alignment as their strategy. This means that Georgia, due to its weakness, has to count on union with Russia, which has to guarantee Georgia sovereignty, territorial integrity, security and economic development.

The current situation in the post-Soviet space is characterised by the painful process of newly independent state-building. Unfortunately, in this process we are witnessing the irresponsible actions of national elites that lead to the violation of human rights, rights of ethnic minorities and often to the eruption of ethnic conflicts.

In order to develop civilised relations and make the process of newly independent state formation more peaceful, it is important to strengthen democratic reforms and institutions, form a new political and economic elite and develop the capacity of rational decision making. During the first years of independence in Georgia, and in some other former Soviet republics, there came to power political idealists, while at the moment the main positions in the government are held by people with a more realistic outlook on the world and on existing political and economic relations.

Transcaucasian states live and develop in a part of the world where the 'end of history' has not yet come, but where unfortunately there exist almost all the components of political realism and are present features of a possible 'clash of civilisations'.

## INFORMATION FOR THE AUTHORS

In '**Caucasian Regional Studies**' only those materials are published which are dedicated to the Caucasus in the following fields: *politics, economics, law, sociology, international relations and modern history*. The Editorial Board accepts for consideration articles, reviews of new books, short thematic notes (including those concerning the articles published in this journal), brief information about non-governmental organisations, research projects and conferences.

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*Alexander Kukhianidze*  
*5 th Floor*  
*David Agmashenebeli ave., 89/24*  
*Tbilisi 380008*  
*Georgia*  
*e-mail: IACRS@IACRS.org.ge*

The articles in English can be also sent to the USA by e-mail:

*sfjones@mhc.mtholyoke.edu*

(For Stephen Jones)

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