
The reshaping of a borderland region

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The shock waves of the collapse of the Soviet Union had the strongest, sharpest impact, and the most dramatic consequences in the Caucasus than anywhere else. In the late perestroika period nationalist movements acceded to vast popularity, unparalleled elsewhere - except perhaps in the Baltic States. The elite change here was also sharper. In 1990-1992 the former Communist nomenclature was chased out of power, but later returned in Georgia (1992) and in Azerbaijan (1993) to put down roots again. The nationalist mobilization led to inter-ethnic clashes, and three wars, one of which developed into an undeclared war between two sovereign states (Armenia and Azerbaijan fighting over Mountainous Karabakh), while Georgia suffered from two wars of secession (South Ossetia, and Abkhazia). The region also witnessed one of the earliest and most rapid economic transformations, with land privatisation 90% completed in Armenia by early 1992. The Revolution of the Roses in Georgia in November 2003 was yet another reminder that the region remains a region of dynamic changes, in a generalized context increasingly characterized by paralysis and apathy.

But in what sense is the Caucasus a 'region', as used in the previous paragraph and by a large number of texts and declarations? Is the South Caucasus a 'region' and in case it is, in what sense? Surely the South Caucasus is not a region in the European model, whereby trends are towards closer collaboration, integration, and the development of standards for common application. The three countries of the South Caucasus are not heading towards increasing political cooperation and economic integration. Yet, I use the term region to describe the three countries in the sense that their interdependence on each other is relatively high. In case of sharp political developments in Georgia, their impact on neighbouring Armenia and Azerbaijan are of such a specific nature that we cannot compare the impact of the same event on Russia or Pakistan, for example. The South Caucasus is also a region in the sense of being a buffer zone, a borderland between three states of sizable powers that are Russia, Turkey and Iran, former imperial powers that had hegemonic position on the Caucasus in the past. It is a region yet in a third sense, in contemporary international relations; being too

small as individual countries, Armenia, Azerbaijan and Georgia are often treated as one by international organizations and great powers. The visits of political celebrities to the region are rare whereby only one of the three countries are visited, without being directly followed by parallel visits to the two other neighbouring capitals.

In this paper I will try to present the political system that has evolved in the South Caucasus since the independence of the three republics in 1991. I will do that by describing the individual systems that have taken shape in each of Armenia, Azerbaijan, and Georgia. In my analysis I will first describe the conditions in which the state is structured in each of the countries by looking at the marker events in the 'times of trouble', the ethnic mobilization, the wars, and its conclusions, the character of the national identity, the geographic specificities, and the economic basis and its future potential. In my conclusion I will draw an overall picture of the South Caucasus as a region.

The three countries had similar direct problems to face at the moment of the collapse of the Soviet state; a political culture based on ethnic nationalism

much formed under the Soviet system; territorial conflicts within and sometimes intra- states, with catastrophic consequences on the resources of states in their early stage of formation; and a near stand-still of industrial output in the years 1992-1994, which left a wound bleeding until now with a huge potential for social dissatisfaction and unrest. While in the initial stage the political, social, and economic difficulties that the three states of the South Caucasus had was common, the solutions they tried to improvise varied based on the specificity of each people and the geography they occupied.

Georgia: state failure and a new promise

The Soviet era policy of censoring certain pages of history, while encouraging an official construction of national-histories led to perverse results. In the case of Georgia, the selective study of history and the building-up of a legitimating of the Soviet Georgian republic negated the historical existence of other ethnic groups on Georgian territory, and these were either labelled as newcomers (Ossets, Armenians, etc.) or as Georgians who had lost their identity.² According to Georgian

2 Shnirelman, Victor A., *The Value of the Past: Myths, Identity and Politics in Transcaucasia*. Osaka: National Museum of Ethnology, 2001. See Mariam Lordkipanidze, *Essays on Georgian History*, Metsniereba, Tbilisi, 1994, page 10.

historians, the Abkhaz have no historic roots in the land called after their name, and they are newcomers who crossed the Caucasus mountain chain as late as in the seventeen century, a fact heavily contested by their Abkhaz colleagues. What could have remained as academic debate in other contexts spilled over into clashes in the streets of Sukhumi and Tskhinvali in the years 1989-1991.

Unlike Armenia, Georgia had no significant Georgian minority outside its borders, but had a mix of ethnic minorities within its own frontiers. In fact, 30% of the population of Georgia were composed of various ethnic groups, the most important among them Armenians, Russians and Azerbaijanis. What was specific with the Ossets and the Abkhaz was that they had autonomous structures with certain privileges within, which rising Georgian nationalism threatened to take away.

In the late 1980s, Georgian nationalism had to fight on two-fronts: against the privileges of the ethnic minorities especially those having their national autonomies, and against the central powers. The nationalist president Zviad Gamsakhurdia tried to subdue

ethnic minorities by force. This two-front struggle still persists in Tbilisi's policies, nearly fifteen years later. But for the Georgian national movement this two-front struggle was overwhelming, and while Georgia acceded to independence, it lost the territories of South Ossetia and Abkhazia, and de facto lost control over Ajaria which since has developed its own internal, economic and foreign policies, its security structures and fiscal system, contradicting often the interests of the Georgian state. Gamsakhurdia was himself overthrown in early 1992, by a coalition of Georgian forces opposing his autocratic rule, and two militia forces, the National Guard and the Mkhedrioni (horsemen). Gorbachev's foreign minister, Eduard Shevardnadze, replaced Zviad Gamsakhurdia.

Shevardnadze left behind him a mixed legacy. It was under his rule that the Georgian defence minister Tengiz Kitovani led his national guard to invade Abkhazia (August 1992), with a catastrophic result for the 250,000 or so ethnic Georgians (Megrelians) of Abkhazia.³ Georgia was close to total collapse and disintegration, but through skilled manoeuvring

3 On the conflicts in Georgia, see: Bruno Coppieters, Ghia Nodia, and Yuri Anchabadze, (eds.). Koeln: Bundesinstitut fuer ostwissenschaftliche und internationale Studien, and Goldenberg, Suzanne. 1994. *Pride of Small Nations*. London: Zed Books, pages: 81-114; Kozhokin, Evgeny. 1996. "Georgia-Abkhazia" in *US. and Russian Policymaking with Respect to the Use of Force*, edited by Jeremy Azrael, Emil Payin, Santa-Monica, CA: RAND.

Shevardnadze could eliminate the armed bands and imprison their leaders. Shevardnadze brought back some of his colleagues from the time when he was interior minister and general secretary of the CP in Soviet Georgia, and made deals with local strongmen. He also created a strong police force of 40,000 (the regular army being less than half that number), making it the backbone of the Georgian statehood, and engaged a number of young, energetic, reform-oriented young activists. By the middle of the last decade, Shevardnadze's policies had led to the stabilization of Georgia by creating a broad base for his rule. In the years 1995-98, trade, transit of goods to neighbouring Armenia and Azerbaijan, and agriculture started to flourish once again. Georgia promised to become the window of the South Caucasus and even Central Asia towards Europe and the Mediterranean.

Yet this stability was short-lived. Several political and economic factors both internal and external, led to a new wave of instability in Georgia. A second assassination attempt in February 1998 against the life of Shevardnadze⁴ missed the Georgian president but revealed the fragility of the country. On the side of politics, the rise of Georgian guerrilla activities in the southern Gali region

of Abkhazia led to violent clashes in May 1998, chasing thousands of Georgians who had returned to their previous homes. Internally, corruption was undermining the trade and transportation sectors, while the Russian economic crisis of that year was yet another heavy blow to the Georgian economy.

Shevardnadze virtually lost power after the disturbances of October 2001. Interior Ministry troops tried to close down Rustavi-2 television but were confronted with mass demonstrations, leading to the resignation of Shevardnadze's cabinet, and most critically the interior minister Kakha Targamadze, destabilizing the police forces as a result. As the president went closer to conservative positions, young reformers such as the speaker of the parliament Zurab Zhvania, and the Justice minister Mikhail Saakashvili formed a new opposition pole. More important, Shevardnadze lost the balancing act upon which his authority was based, in a moment international attention and particularly US interests in Georgia were becoming the focus of attention. Not only was Georgia the corridor for the construction of the Baku-Ceyhan main pipeline, but after September 2001 the focus of attention of Washington: in Georgia, Chechen and Arab fighters overlapped in the

4 The first attempt was in 1996, when the head of the Georgian secret services Georgi Georgadze was accused of being responsible and found refuge in Moscow.

Pankisi Gorge. Washington sent two hundred military advisers to Georgia in a 'Train and Equip' programme to reinforce the Georgian armed forces.⁵ A weak and inefficient government in Tbilisi collided with American regional interests.⁶

It was those young reformers who overthrew Shevardnadze in November 2003. Saakashvili presents a project of a radical break in Georgian politics with the Shevardnadze era. In the first cabinet composed after his election as president, there was no post retained by former cabinet members. The new Georgian president wants the remaining Russian bases out while the Georgian energetic infrastructure has gone under the complete control of Moscow; wants to regain Abkhazia and South Ossetia, while new problems are looming with Ajaria and in case of a withdrawal of Russian bases tensions might increase in Javakheti; fight corruption, and reform the state structure, while basic services such as electric power, gas and water are regularly cut, and joblessness is high.

The list is a long one and the resources available for the Georgian state are very much limited.

The Rose Revolution is simultaneously a chance for Georgia, and a risk, promises brought by any abrupt change. On the one hand, Georgia has the chance to look forward to serious reforms to bring the country into the age of modernity, with a new generation in power today who do not share the former Soviet nomenklatura culture with all its limitations.⁷ The risks are also of magnitude; although the Georgian presidential candidate succeeded in having a 'blitz visit' to Tskhinvali, the capital of South Ossetia and a similar visit to Batumi, the capital of Adjarian autonomous republic. This led to serious tensions that continued several months later. Saakashvili seems to be determined to bring Ajaria under his rule, and is ready to use all means including military threat, economic blockade, and pressing representatives of Adjarian strong man Aslan Abashidze out of the new parliament. This

5 Anna Matveeva, "Russia and USA increase their influence in Georgia", *Jane's Intelligence Review*, May 2003.

6 A few weeks after September 11, mainly Chechen fighters under orders from the Georgian interior ministry launched a major operation in Abkhazia. The force was led by Ruslan Gelayev, known as H'amzat, one of the most renowned Chechen field commanders who were based in the Pankisi Gorge. The operation was a failure, and received no official Georgian support, under pressure from the US.

7 This idea was expressed by Ivlian Khaindrava, Georgian analyst and member of the new parliament, in a speech presented on April 15, 2004, during a conference organized by the Caucasus Media Institute, entitled *Caucasus 2003, Changes to Continuity*, presentation title: "Revolutsiya Roz v Gruzii: Chto bi eto Znachilo?"

policy has led to the marginalization of opposition groups within the parliament elected on March 28, for example, by refusing to lower the threshold of representation in the parliament from the current 7 to 5%, as proposed by the Council of Europe, giving Saakashvili's supporters free hand in the new parliament. This follows presidential elections of January 4, 2004, where Saakashvili won with a dangerous 96% of the votes. Will democrats who came to power in Georgia following the Rose Revolution bring the promised Democracy?

Since its independence, Georgia has faced the dilemma of how to create a state in a land of diversity. Both attempts to bring the territories under one state structure in the early years of independence through military force, and slow integration through economic interests, failed to give results. Georgia emerged as strategically a key country, while internally a weak and unstable state, unable to control vast parts of its territory and therefore to realize its full potential as the gateway of the Eurasian landmass.

Armenia: military victory and economic isolation

According to Rogers Brubaker, the interplay between what he calls 'nationalizing states' that is state structures developing a political space based on the identity and culture of the dominant national group, national minorities, and external national 'homelands' to which they referred to, this 'triad' of competing nationalisms that were developed under the Soviet system came to an open clash after 1988.⁸ With 97% ethnic Armenians in 1988, Soviet Armenia was the most fitted to have a smooth 'nationalizing' process among the fifteen union republics. Not only did it not have any significant minorities within the country, but also regional differences were not pronounced. The historic upheavals of the 19th and 20th century such as the Russo-Turkish wars, the First World War and the Armenian Genocide of 1915, and the repatriation of Diaspora Armenians to the USSR in 1946-48 had two effects; on the one hand bringing constant flows of immigrants and refugees and thus undercutting deep-rooted regional specificities, and external pressure consolidating a strong Armenian identity. Therefore, Armenian nation building did not face any significant internal challenge. But Armenia

8 See the Introduction of Rogers Brubaker, *Nationalism Reframed, Nationhood and the national question in the New Europe*, Cambridge, Cambridge University Press, 1996, pages 1-11.

had significant ethnic Armenian populations living in a compact form in the neighbouring Soviet republics of Georgia (Javakheti), and even more significantly in Azerbaijan (the Autonomous Oblast of Mountainous Karabakh). It was in this area that in February 1988 the first national mobilization took place, and in the same month caused the first inter-ethnic clashes with the anti-Armenian pogroms in Sumgait, and industrial city north of Baku.⁹

The Karabakh conflict consolidated the Armenian national identity, and brought it into a clash with Soviet power. In the late 1980s and the early 1990s, the Soviet authorities supported the Azerbaijani side, still under the leadership of the Communist Party, and opposed the Armenian side where the nationalist forces, regrouped within the Karabakh Committee, took power in the 1990 elections. The dissolution of the USSR changed

this constellation with the Russian democrats sympathizing with the Armenians. Starting from February 1992 the Karabakh Armenian forces, supported by volunteers from Armenia and by the remnants of the Soviet troops, started advancing towards Azerbaijani positions. Initially, they took control of what was the Mountainous Karabakh territory itself, and later advanced towards Azerbaijani territories, taking the control of the Lachin ‘corridor’, and later creating a ‘security zone’ all around Karabakh.

The impressive military victories on the Karabakh front left a long lasting impact on the Armenian political system. The first is the formation of armed forces, which have large influence in the political – as well as economic system – unparalleled with the position of armed forces in any other post-Soviet republics.¹⁰ And the second is the influence of those

9 On the Karabakh conflict, see Croissant, Michael. 1998. *The Armenian-Azerbaijani Conflict, Causes and Implications*. London: Praeger., Thomas de Waal, *Black Garden, Armenia and Azerbaijan Through Peace and War*. New York: New York University Press, 2003. For an Armenian perspective, see: Patrick Donabedian, Claude Mutafian. 1989. *Artsakh, Histoire du Karabakh*. Paris: Sevig Press., Galoyan, G. A. and K. S. Khudaverdyan. 1988. *Nagorni Karabakh, Istoricheskaya Spravka* (*Mountainous Karabakh, Historical Documentation in Russian*). Yerevan: Akademiya Nauk Armianskoi SSR., Libaridian, Gerard J. (ed.). 1988. *The Karabagh File, Documents and Facts on the Question of Mountainous Karabagh, 1918-1988*. Cambridge, MA: The Zoryan Institute. For an Azerbaijani perspective, see: Abasov, M. T. et al. 1990. *Chernii Ianvar, Baku-1990* (*Black January, Baku-1990*, in Russian). Baku: Azerneshr; Suleiman Alijary, “The republic of Azerbaijan: notes on the state borders in the past and present.” Pp. 113-133 in *Transcaucasus Boundaries*, edited by John F. R. Wright et, al. London: University College London Press, 1996.

10 Ara Tatevosyan, “Nagorno-Karabakh’s New Army of ‘Iron Will and Discipline’” *Transition*, Prague, 9 August, 1996.

who played key roles in the Karabakh struggle within the Armenian political establishment. In other words, the social forces dominating in the Armenian political-economic structures are mostly volunteer fighters from Armenia, and the Karabakh Armenian elite.¹¹ The second president of Armenia Robert Kocharyan, is the former president of the unrecognised Republic of Mountainous Karabakh, while the current minister of defence Serge Sarkissian is the wartime defence minister of Karabakh, both heroes of the war.

The war also had deep impact on the social-economic tissue of the country. From the early 1990s until today most of the borders of Armenia, more specifically with Azerbaijan and Turkey, remain closed. The blockade imposed by Azerbaijan caused a total collapse of the energetic system of the country and a standstill of its industrial production in the years 1992-1993. The majority of the population suddenly found themselves being thrown back to pre-industrial living conditions, causing mass migration. According to official figures 900,000 Armenians left the country in the last decade. Therefore, and in spite of its military achievements, Armenia found itself in a deep economic and demographic crisis.

Armenian president Levon Ter-Petrossian could not keep his vast popularity for long, and held power in the elections of 1996 only because of massive irregularities carried out by the state apparatus and the army vote. When in the next year Ter-Petrossian proposed to reach peace with Azerbaijan, with substantial concessions on the Karabakh issue including return of the occupied Azerbaijani territories and having Karabakh within the political system of Azerbaijan, he met with stiff opposition from within his circle, and was forced to resign in 1998. The attempt of Ter-Petrossian to ameliorate the economic crisis of the country by trying to negotiate a peace treaty with Baku, and by sending positive signals to Ankara did not give any immediate result, and helped only to bring his downfall.

In this case the Ter-Petrossian regime could be summarized as the rule of nationalist intellectuals who led the Karabakh struggle and independence. That of the second president Robert Kocharian was of the alliance between the Karabakh war heroes and the new 'oligarchs' who have profited from the massive privatisation of the economy. The new rulers of the Armenian economy heavily depend on their close relationship with the head of

11 Hrach Tchilingirian, "Nagorno Karabagh: transition and the elite." *Central Asian Survey* 1999, Vol.18:435-461.

the political power, since most of their income comes from imports of energy, consumer goods, and exports of agricultural products. Yet next to that Armenia starts witnessing a slow economic growth that is characterized by its diversity, from some islands of high-tech production (software), financial services, a boom in real estate markets, and the growth of the tourism industry. The impact of the rich and well connected Armenian Diaspora is felt again, which in the recent years has decreased its humanitarian aid to Armenia and Karabakh and is increasing its direct economic investment. The Diaspora is playing a key role in transferring know-how, and opening new markets abroad.

In the coming years, as the economy restructures from the Soviet era industries to a new service sector, Armenia will face the problem of deeper social inequality between social and regional groups. To avoid explosions, the state has to develop efficient distribution mechanisms, which are still lacking at the moment. Another long-term problem, which over a decade of independence failed to address, is its relationship with its

neighbours to the east and to the west. A symbol of Armenia's continuous fear from Turkey is the presence of two Russian military bases, which alone give Armenia the feeling of security from its Turkish neighbour.¹²

The elections of 2003, and the clashes between opposition and the police in April 2004, reveal a deep malaise in Armenia. This malaise is the expression of the unequal distribution of power and goods within the post-privatisation society; on the one hand, the Armenian ruling elite reflects the interests of a small margin of "winners" and has a serious problem of legitimacy. On the other, the opposition represents the frustrated sections of former elite formations, marginalized in the new context of power distribution. The two figures of the current opposition are Stepan Demirchian, the son of the Brezhnev era ruler of Soviet Armenia and Artashes Keghamian, mayor of Yerevan in 1989-90, and a third figure is Aram Sarkissian, a former prime minister under Kocharian.¹³ The new leaders of the opposition are badly equipped to represent the social and political demands of the majority of the citizens. Moreover, the drive of

12 Thirteen years after the end of the USSR, the Armeno-Turkish border remains closed, and guarded by Russian troops. Ankara also refuses to establish diplomatic links between the two countries.

13 Aram Sarkissian's brother, the late prime minister of Armenia Vazgen Sarkissian, as well as Garen Demirchian were assassinated by a group of five armed men who broke into the parliament on October 27, 1999.

the Armenian opposition in spring 2004 for a leadership change can be largely explained by their inspiration of the Georgian model.¹⁴

Azerbaijan: Aliev dynasty

At the eve of independence, Azerbaijan was threatened by ethnic separatism at home, and by the danger of clashing with its southern neighbour, Iran, over Iranian Azerbaijan. The complex formation of the Azerbaijani national identity in the 20th century contained in itself both dimensions, which are confrontation with its western neighbour, Armenia, over Nagorno Karabakh and also Zanzour and Nakhichevan, and with Iran over the question of southern Azerbaijan.¹⁵ The political discourse of the first Azerbaijani president of the independence era Abulfaz Elchibey contained both dimensions. But the developments of historic events contained the clash of nationalisms to the Karabakh problem.

The Azerbaijani national movement was formed as a reaction to the rising

Armenian nationalism in Karabakh and in Armenia proper. It faced difficulties in containing, channelling, and guiding nationalism in the Azeri street, leading to tragedies that were eventually politically costly to the newly formed Azerbaijani Popular Front. The first such example was the above mentioned Sumgait pogroms of 1988, but also the Baku pogroms of January 1990, which was used as a pretext for the Soviet troops to subdue the city and repress Azerbaijani nationalism. These setbacks were only remedied thanks to the August coup of Moscow that put an end to the Soviet regime, and the militarization of the Karabakh conflict. These two events prepared for a comeback of the APF, which took power after March 1992.

The military outcome of the conflict was disastrous to Azerbaijan. Not only did it lose control of the disputed territory, but also six provinces around Karabakh, leading to the loss of over 13% of Azerbaijani territories to Armenian forces (including the Nagorno Karabakh region). The proposed explanations of this

14 Tatul Hakopian, "Nmanvelov Heghapokhuyun chi linoum" (in Armenian: "Revolution does not happen by imitation", *Azg*, Yerevan, April 16, 2004.

15 For a view on the Azerbaijani identity formation see Audry Altstadt, 1992. *The Azerbaijani Turks, Power and Identity under Russian Rule*. Stanford: Hoover University Press, 1992. For an excellent work on the formation of the north-south break of the Azerbaijani identity, see Tadeusz Swietochowski, *Russia and Azerbaijan, A Borderland in Transition*. New York: Columbia University Press, 1995. For a criticism of the Greater Azerbaijan idea, see Shireen Hunter, "Greater Azerbaijan: Myth or Reality?" in *Le Caucase Postsovietique: La Transition Dans le Conflit*, edited by M. R. Djalili. Brussels: Bruylant, 1995.

military defeat are numerous, and the three main ones are: higher education and organization for the Armenian society, and the higher Armenian military cadres in the Soviet army; the Armenian political unity around the Karabakh issue, and the Azerbaijani in-fighting during the height of the conflict; Russian support to the Armenian side. A cease-fire was reached in May 1994, which is by-and-large respected until now, without any presence of peacekeeping forces. The defeat has left a deep scar in Azerbaijani national consciousness, as well as a huge social problem with several hundreds of thousand refugees from Armenia and internally displaced from Karabakh war zone. Karabakh was not the only separatist movement; the Lezgin rebellion in the northeast of the country, and the Talish in the southeast, were put-down by force in 1993.

The early years of independence revealed a bitter power struggle between various interest groups in Azerbaijan, unseen in the neighbouring republics. Not only did the nomenclature fight a pitched-war against the newly rising nationalist movement, but also within its Brezhnevite and Gorbachev-appointed wings.¹⁶ In most of the

1990s, Nakhichevan, Baku, and Ganja 'clans' were vying for power. In fact the two wings represented less ideological allegiances than regional interests; the first representing what is known as the 'Nakhichevan clan' formed by Heydar Aliev, and the second Vezirov-Mutalibov wing representing Baku notables. The rebellion of army officer Suret Huseinov in Ganja and his march on Baku had yet another regional basis. With the succession of Ilham Aliev to his father, the Nakhichevan clan has shown a strong internal cohesion, and continuous domination over Azerbaijani political life.

Following the cease-fire on the Karabakh front, the Caspian oil issue dominated Azerbaijani politics. Negotiations under way under Elchibey reached conclusion only with Aliev in power: the so-called deal of the century was signed between Azerbaijan and a consortium of mainly Anglo-American oil giants on September 1994. The oil factor reversed the strategic given, creating a new potential for Azerbaijani diplomacy on the international arena and its importance on the regional level, especially with Georgia.¹⁷ Azerbaijan also expects an increase in its hard currency income, faster than

16 Ayaz Mutalibov describes the late 1980s struggle within the party as "a fight between two clans, Aliev's and Vezirov's. They couldn't agree." Quoted in de Waal, *op. cit.*, page 85.

17 See Vicken Cheterian, *Dialectics of Ethnic Conflicts and Oil Projects in the Caucasus*, Geneva: PSIS Occasional Paper no. 1, 1997; R. Hrair Dekmejian and Hovann Simonian, *Troubled Waters, The Geopolitics of the Caspian Region*, I. B. Tauris, London, 2003.

its two neighbours¹⁸. Yet hopes of the Baku leadership to instrumentalize oil leverage to reverse the results of the Karabakh war have only led to frustration.

The oil boom came with a price. Azerbaijani society polarized faster than others, with central Baku becoming one of the more dynamic and fast developing cities in the entire CIS, comparable to Moscow or Almaty, while the regions and the agricultural sector remain depressed. The country has become notorious for its corrupt bureaucracy, which while feeding on petrodollars and oil bonuses has hurt the development of light industries and services.¹⁹ The clashes in Nardaran, a village near Baku in 2002, and the clashes following the election of Ilham Aliev in October 2003, reveal the existence of high social tension in the country. The succession of Ilham Aliev, to take the leadership of Azerbaijan from his father Heidar Aliev, created the first

political dynasty in the former Soviet Union. Heidar Aliev was declared officially dead weeks after his son was firmly established as the political leader of the country. The Azerbaijani opposition did not succeed to alter the results of the choice taken by Heidar Aliev. Their betting on the death of Aliev the father, and on Western support, was a wrong, or inefficient strategy, in the words of Dmitri Furman.²⁰ Now, the Azerbaijani opposition blocked from even the possibility to access to power, is facing difficult choices to find for itself a new political role.

In spite of the oil income, and in spite of increasing militaristic declarations from the Azerbaijani leadership, the national army remains weak and under the defeat syndrome. Corruption and mistreatment led to mass protests at the Baku officers' school.²¹ But bellicose declarations have already created public expectation that, under the current circumstances,

18 Foreign direct investment (FDI) increased six fold to reach 1.4 billion USD in 2003, compared to 2001. Over one billion was investments in the oil sector, and the bulk came from the EU. See Reuters, Geneva, 24 October, 2004. In 2003-2004, the economy is expected to grow by 7%, predominantly thanks to the oil sector. See The Economist intelligence Unit, Azerbaijan: Country Outlook, 14 January, 2003.

19 Azerbaijan with Georgia occupy the 124th place of the Transparency International's index for 2003, out of 133 countries. Armenia occupied 78th position. See, Jean-Christophe Peuch, "South Caucasus: Is Any Real Progress Being Made In Tackling Corruption?", Prague: RFE/RL, 27 February, 2004.

20 Dmitri Furman, "Azerbaijan: Smena Orientirov", a paper presented in *Caucasus 2003: Changes to Continuity*, Yerevan, April 15, 2004.

21 Fariz Ismailzade, "Cadet Protest in Azerbaijan Indicative of Military Tension", posted on September 12, 2002, on www.eurasianet.org.

Baku leadership is unable to deliver. On the other hand, the preparation of the public opinion for a military solution is an obstacle for a negotiated solution: already this was tested by Aliev the father, when, after the Key West negotiations²² he returned home and faced opposition to the formula of peace agreement from his immediate circle.

Conclusion: stable instability?

In the early 1990s, it was the ethnic conflicts that divided and destabilized the Caucasus. The continuous conflicts (Chechnya) and the unresolved ones (such as that of Mountainous Karabakh, Abkhazia, and South Ossetia) have had negative results by breaking into internal enclaves, but also by isolating the region from its exterior. While we continue to celebrate the advance of communication lines between east and west, that is the Baku-Ceyhan pipelines, or the EU sponsored rail and road links between Central Asia, the Caucasus, and Europe, the roots that were the most important during the 19th and 20th centuries, those communication lines that linked the South Caucasus with the Russian markets, remain cut. This is due to

the conflicts and their unresolved status, be it Abkhazia (cutting the rail links between Russia and Tbilisi, and consequently to Yerevan), or making the rail links between Baku and the Russian cities dangerous, since they pass through Daghestan in the North Caucasus. The unsolved conflicts hamper the normalization of the region and its economic development. Similarly, and to a large extent due to the Karabakh conflict, Turkey continues to impose a blockade on Armenia and is making this country pay a high tax by limiting its economic development.

Equally critical for the regional development and stability of its political systems, and their adoption of democratic norms that they aim to. Unlike the three Baltic countries, the Transcaucasus this far failed from fulfilling one of the major needs of a democratic system which is political alteration through elections, or leadership rotation. This leads to political monopolization by a small group of people, election of “no choice elections” or even the creation of dynasties, as is the case of Azerbaijan. As a consequence, opposition groups face a limited choice; either to resign to their fate and be shut off from sources of power, or radicalisation of opposition movements and con-

22 Key West, in Florida, was the sight of five-days’ negotiations between Presidents Aliev and Kocharian, under the personal patronage of George W. Bush in 2001.

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sequently political alteration becomes possible only through the use of force.

In Georgia, this use of force in November 2003 was incredibly without blood shed. This was an incredible achievement in a country that suffered internal civil strife, coups, and secessionist wars. Now, pro-Western democrats are firmly in power in Georgia. Will Georgian democrats also build democracy?

The Georgian revolution has re-launched the debate in the Caucasus about the possibilities of bringing long-term, structural change through subjective-voluntarism. Could a westernised elite change profoundly a society that in its vast majority outside its downtown capital is of a different nature and lives according

to different rules? How far could a reform-oriented elite go, without risking a break from the people it supposes to represent? Critiques to such reforms caution that by adopting a foreign discourse and political model one risks creating a dualistic political system, whereby the political institutions increasingly resemble the standards set in the west, but become alien to the society itself, and that real social change can only happen through evolutionary development. To this debate one should add yet another dimension: that the South Caucasus is a small, fragile region, and it has depended in the past and will continue to be exposed heavily in the future to external pressures, and its internal development will depend to a large extent to policy choices made outside the region itself.

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