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### Author

Alieva, Leila

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***RESHAPING EURASIA:  
FOREIGN POLICY STRATEGIES  
AND LEADERSHIP ASSETS  
IN POST-SOVIET SOUTH CAUCASUS***

*Leila Alieva*



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Berkeley Program in Soviet and Post-Soviet Studies  
University of California, Berkeley  
Institute of Slavic, East European, and Eurasian Studies  
260 Stephens Hall #2304  
Berkeley, California 94720-2304

Tel: (510) 643-6737  
[bsp@socrates.berkeley.edu](mailto:bsp@socrates.berkeley.edu)  
<http://socrates.berkeley.edu/~bsp/>

**RESHAPING EURASIA:  
FOREIGN POLICY STRATEGIES  
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IN POST-SOVIET SOUTH CAUCASUS**

*Leila Alieva*

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Leila Alieva is an independent scholar from Azerbaijan. She was the spring 1999 Contemporary Caucasus Program Visiting Scholar at the Berkeley Program in Soviet and Post-Soviet Studies.

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“For my part, I think that in all governments whatsoever meanness will cling to strength, and flattery to power.”  
-Alexis de Tocqueville, **Democracy in America**

## Introduction

The triumphant participation of the former Communist Party of the Soviet Union (CPSU) politburo members at NATO’s fiftieth anniversary commemoration was a deserved tribute by the West to two outstanding post-Soviet leaders: the President of Georgia Eduard Shevardnadze and the President of Azerbaijan Heidar Aliyev. Through their foreign policy strategies, these leaders contributed to Western cooperation with the Caucasus countries and the Western presence in the Caspian region. Shevardnadze helped bring to an end one of the biggest empires in the twentieth century and contributed to the conceptual development of new economic and communication projects in Eurasia. Aliyev helped shape the actual conditions for the development of the projects “of the century,” thus making possible the formation of a new Eurasia.<sup>1</sup>

To contextualize their policy achievements, we must understand the broad effects of the collapse of the Soviet Union, which changed and reshaped security, economic, and communication patterns in Eurasia. The fall of Soviet communism made possible the implementation of such crucial communication projects as TRASECA, the restoration of the *Great Silk Road*, and the creation of alternative oil and gas pipelines. These projects have, and will continue to, affect patterns of security, political and economic developments, and international relations in the region. The new international environment strengthened the global importance of Eurasia not only because of its abundant natural resources and transportation, but also because of its role in contributing to peace and stability in the international system. As President Shevardnadze mentioned in his new book, the significance of these new projects on new trade communication routes and economic relations between East and West can be seen in the possible creation of a “new political economic, humanitarian and cultural space of Eurasia,” in which the countries of the region co-exist peacefully and help stabilize the politics of Eurasia as a whole. The countries along the Silk Road must create new legal spaces and new economic diplomacy as opposed to the predicted “clash of civilizations” (see Gegeshidze 1999).

However, the emergence of these new patterns was not just the natural and inevitable outcome of the disintegration of the Soviet empire. The high degree of uncertainty that followed the collapse allowed quite a wide range of alternative scenarios for the development of the post-Soviet space. A few commentators predicted further development of the Caucasus under the domination of Russia. Others predicted domination by other regional powers, or saw the survival of states as possible only under conditions of regional cooperation. Many were very pessimistic, however, about the capacity of states to survive at all.<sup>2</sup> More often than not, observers doubted and underestimated the new states’ capacities to conduct independent policies. This situation is well described by one Russian expert: “The factor of independent political game of the Transcaucasus states, based on (Russia-Turkish) contradictions is not taken into account sufficiently. Meanwhile it can essentially influence the situation in the region, as it was shown in the example of Azerbaijan” (Shorokhov 1997). Developing this idea further, one could say that the political conduct of the South Caucasus leaders was based on making use of competing regional and outside interests. This allowed the leaders to maneuver and balance the extremely complex regional environment.

Notwithstanding the importance of such international factors as the political economic weakness of Russia and the effects of the Chechen war, I argue that individual leadership strategies of the

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<sup>1</sup> An expression borrowed from Aliyev’s approval of the “contract of the century” in September 1994.

<sup>2</sup> See, for instance, Hopmann et al (1997).

newly independent states in the Caucasus played a crucial role in reshaping Eurasian security and economic spaces. The specific objective of this paper is to follow the way each leader of the Caucasus countries strengthened his state and how it affected his foreign policies. The primary interest is to explore the interplay of domestic and foreign policies and to show how the leaders manage to serve their own national interests and contribute to the new shape of Eurasia.

There are two reasons why domestic and foreign policies that defined individual leadership strategies assumed such importance. First, the international environment was not particularly favorable for the development of the post-Soviet states (except, perhaps, for the Baltic Republics). This was especially true in the Soviet communist period. The official recognition of the Caucasus by the international community only occurred after the legal disintegration of the Soviet Union. The post-Soviet foreign policy of Western countries was characterized by “wait-and-see” tactics. The Caucasus countries did not enjoy substantial political support of the Western liberal democracies after the disintegration of the Soviet Union on a bilateral basis. United States policy, for example, focused on Russia at the expense of the former Soviet Republics. As a result, the power of the post-Soviet leader of Azerbaijan, Elchibey, was seriously undermined by the sanctions adopted by the United States Congress against his government. Similarly, Western countries were in no hurry to prioritize the territorial integrity of the Newly Independent States (NIS). The involvement of the Organization for Security and Cooperation in Europe (OSCE) and the United Nations was very cautious, belated, and discrete. They were mostly confined to mediating or observing the conflicts.

Second, some of the regional powers’ policies were aimed at weakening the newly emerging states. For instance, Turkey and Azerbaijan placed an embargo on Armenia because Turkey was afraid that Armenia would stake its territorial claims. Iran was also not interested in a powerful independent Azerbaijan state near its borders, fearing it would stoke nationalist flames in its northern provinces, which are populated by Azeris. Russia was similarly unwilling to see the NIS escape its “sphere of influence.” She sought to weaken the insurgent republics through coercive policies. Despite Russia’s weakness, Russia was (compared to the smaller NIS) geographically much larger, and inherited institutions and resources that were much more powerful than the Caucasus states. Specifically, the skills developed by the security institutions during the Russian and Soviet empires enabled low-cost Russian involvement in weakening the neighboring states.

The development, survival, and assertion of the *vitality de facto* of the NIS were enhanced by the international community, which recognized their legitimacy. However, the strong resistance of the major regional powers—especially Iran and Russia—to the Western presence in the region posed an obstacle to the wider integration of the NIS into the global economy. Since alternative trade relations had a predominantly regional character, the development of trade relations with Iran and Turkey was a timely replacement of the NIS’s weakening economic ties with Russia, which often made economic relations a hostage of its political interests.

The survival of the post-Soviet Caucasus states and the post-Soviet reshaping of Eurasia under very complex regional and domestic conditions provide an attractive case study that will inform current theories of international relations. My analysis will contribute to explanations of new and weak state behavior, in particular, disputes between realist and domestic level theories that seek to explain factors influencing this behavior. The analysis of post-Soviet Caucasus politics supports the explanation provided by these theories that stress the inter-relations of domestic and foreign factors at different stages of state building and conditions of the international environment. As Miriam Elman (1995) puts it, in the early stages of a nation’s history, the international or security environment is the primary factor which affects state institutions (currently, the presidential form is winning over the parliamentary form), while in the later stages, when the threats are relatively diminished, domestic factors (such as institutions which

were built during the earlier stages of the nation's history) influence foreign policy decision making.

This paper will also illuminate which particular institutions influence the success or failure of foreign policy strategies in the post-Soviet countries. It seems paradoxical that a state unable to fulfill its basic functions—that is, to exercise control over its territory and extract and distribute resources—manages not only to survive in an unfriendly post-Soviet environment, but also to make reasonable foreign policy decisions that lead to new security patterns in the region.

Finally, this paper will clarify two interrelated issues, which are relevant to international relations theory. First, it will address why foreign policies in these countries are so dependent on the personal capabilities of their leaders rather than on structural factors, such as the degree of external threats, societal and international factors, and factors that shape why former communist leaders' policies became relatively successful when compared to those of "dissident" leaders. Second, it will elaborate how the former communist bosses have succeeded in breaking their countries' international isolation. In doing so, they have helped integrate their countries into the European and global political and economic structures and created alliances in the "sphere of influence" of the former Soviet metropolises.<sup>3</sup> Whatever the answers, the fact that formerly isolated and relatively marginal places like the Caspian and Caucasus regions eventually turned into a region of strategic importance for powerful countries, such as the United States of America, proves the significant contributions of individual leadership strategies in the Caucasus.

After a brief discussion of the immediate problems Russia, Turkey, and Iran faced over the region during the post-Soviet transition, I will proceed to focus in greater detail on the internal leadership strategies and their interplay with external political and economic factors in Armenia, Georgia, and Azerbaijan. I will conclude with some thoughts on current challenges that the leaders of these three former Soviet Republics face.

## **Nationalist Mobilization and Soviet/Post-Soviet Security Challenges in the Caucasus**

### ***Nationalist Mobilization in the Soviet Caucasus***

In order to understand the challenges that the leaders of the Caucasus faced immediately after gaining their independence, we must first situate the political developments and nationalist mobilization efforts in the region historically. Despite basic similarities among the countries of the Caucasus before their independence, there were some differences in nationalist mobilization.

In comparison with Georgia and Armenia, nationalist mobilization in Azerbaijan was delayed because it faced fierce resistance from the local communist bureaucracy and Moscow. Hundreds of civilians died after military tanks, on orders from Moscow, suppressed nationalist mobilization in 1990. One of the reasons for this polarization was the stronger cultural persecution policies in the communist regimes of the Muslim and Turkish nationalities, which led to the creation of the greater "Soviet" communist bureaucracy in Azerbaijan as compared to the neighboring countries. As a result, the nationalist leaders came to power two years after the assumption of power among leaders in Georgia and Armenia. In practice, this meant that the building of independent state institutions, such as the army and police, in Azerbaijan started relatively late. In turn, these legacies influenced the ability of new states to fulfill some of their

<sup>3</sup> The most striking example in this sense is the case of Azerbaijan, which not only was the first republic in the Former Soviet Union (FSU) to free its territory from the Soviet military bases, but also was the first to resist the allocation of Russian border troops, Russian military bases and Russian peacekeeping forces, as well as pursue an independent position on the Caspian legal status, flank limitations agreements, and disposal of its natural resources.



major functions: protecting their citizens, controlling the territory, and extracting resources at the early stages of the transition.

There were three major challenges that each country immediately faced during the post-Soviet transition, including the resistance of local communist elites, the secessionist movements of the ethnic minorities, and pressure from Moscow and then an independent Russia to keep its domination in the region. The leaders' ability to deal with these challenges determined the success of the consolidation of power during the early stages of the transition.

The resistance of the local communist elites was perceived to be a major challenge to leaders of the post-Soviet transition. However, they eventually posed much less of a threat than was first believed. In Armenia, the former communist elite conformed relatively peacefully with the new political forces. Georgian elites also developed in similar fashion after the 1989 invasion of Tbilisi by Soviet troops, while elites in Azerbaijan sought support from the central authorities.

Ethnic minorities posed a far greater problem than the former communist elites. The Caucasus, unlike Western regions of the former Soviet Union (FSU), had a very short history of independent statehood. The experience of building democratic republics only lasted from 1918 to 1921. The region had a very diverse ethnic population within a relatively small territory. Its population density as well as population growth rates were higher than other Western FSU regions. The intense migration processes and practices of resettlements and deportations of ethnic groups that were exercised by the Russian and then Soviet authorities aggravated the complex demographic and ethnic patterns.

The mixed and overlapping character of the settlements of different ethnic groups made historical attempts at state building in the region difficult and was accompanied by territorial disputes among the three Republics that began during the short period (1918-1920) of pre-Soviet independence and that further contributed to the ethnic problems. As a result of the administrative arrangements of the Soviet Union, the problems associated with the territorial disputes were exacerbated by the creation, within Georgia and Azerbaijan, of autonomous territories populated by ethnic minorities. These territories' budgets were controlled from Moscow and further escalated their cultural and economic autonomy from the titular nationalities. While this consequently led to the increasing autonomy of these ethnic minorities, local elites who led their populace to secession from the Republics remained dependent on Soviet central authorities.

Regional minority elites in Azerbaijan and Georgia were not only better organized but also received substantial support from outside actors. The unstable and difficult conditions of the collapsing Soviet empire that led to the deepening power crisis hastened the disintegration of Georgia and Azerbaijan. In turn, this shaped the primary security concerns and major foreign policy objectives of Georgia and Azerbaijan after the disintegration of the Soviet Union: the preservation of their territorial integrity and the consolidation of their independence.<sup>4</sup>

While the administrative units of ethnic minorities made the transition difficult for both Georgia and Azerbaijan, ethnic minorities in Armenia were more vulnerable to exclusionary policies during the transition because they were exempted from administrative status. In 1989, Armenia became an almost completely monoethnic state. Armenia's security concerns were related to the support of the secessionist movement in neighboring Azerbaijan and the annexation of Mountainous Karabakh, which, at the time, concerned the revival of pre-Soviet territorial disputes in the region (including Nakhichevan and Zangezur) between Armenia and Azerbaijan.

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<sup>4</sup> Regional foreign policy was directed at the diminishing threats of dismemberment by the regional powers and, in the longer term, at establishing a friendly environment for the consolidation of independence and integration, first, into the European, and then, the world community.

Azerbaijan's and Georgia's primary concern was to resist pressure from Russia. In contrast, Armenia created a close alliance with Russia in order to achieve its objectives.

The Caucasus' relative distance from Western Europe contributed to the complexities of the former's transition, in particular, their much slower integration into the Trans-Atlantic and European security structures. Despite the tremendous scale of ethnic cleansing, refugee and Internally Displaced People (IDP) problems in the Caucasus, the West's reaction was limited to sending humanitarian aid and assistance, unlike what they did in the former Yugoslavia. This factor—coupled with problematic relations among the new states and competition for influence and control in the Caucasus among the three regional powers—made geopolitical conditions unfavorable for the states' survival. What follows is a discussion of the three regional powers (Russia, Iran, and Turkey) and their strategic interests in the region.

## **Russia**

Russian foreign policy in the post-Soviet period was not clearly formulated and defined for quite a long time. This made Russia's policy unpredictable in many senses. Two major reasons for this unpredictability were the absence of a new security concept and the domination of the old political security institution, the military (Zhinkina 1995). Other factors included an undeveloped foreign policy decision-making mechanism (Simonia 1995), competition among different institutions in Russia (Baev 1997: 57), and internal political struggles (Pain and Popov 1996). The dominant institution at the initial stage of Russia's independence belonged to the military (Baev 1997). Unlike Iran and Turkey, therefore, Russia had a greater capacity to influence the situation in the region because of its unrestricted military involvement in its former colonies under the pretext of protecting its legitimate interests in the region as a superpower and because of the tools inherited from the recent imperial experience. These tools included pro-Russian elites in the Republics, military and industrial property, and cultural affinities. Thus, despite the existence of two major groups of thought—Euro-Atlanticists and Eurasianists—which were formed by mid 1992, there was consensus on the issue of Russia's civilizing mission in the region and the rejection of any rival there (Hunter 1994). The immediate interests of Russia in the Caucasus were related to the fear of the growing role of Turkey in the region and the weakening of Russia's own role in the region. Later, Russia became sensitive to the growing presence of the West in the region. This concern brought Russia closer to Iran, a country that also resisted active Western involvement in the region.

The strategic importance of the region for Russia can be explained by the Caucasus' traditional role as a buffer zone against their historical rivals, Turkey and Iran, as well as their military assets and market for their products (Hill and Jewett 1994). Russian foreign policy ignored problems that revolved around instability in the Caucasus and Russian minorities in the Republics. There were serious doubts about whether stability in the neighboring republics was Russia's main concern. Instead, the instability in the Republics was viewed as likely tools to help Russia maintain its presence in the region, which it considered within the regional sphere of its interests. In fact, Russia was doing everything to stir up, rather than calm down, ethnic passions by supporting the breakaway regions. The dominant idea of Russian foreign policy was expanding Russia's military presence in the countries of the "near abroad":

And the most effective way to reach this goal is to support separatist movements, directed against territorial integrity of the neighboring states, to weaken these states and force their leaders to ask for the help of Russian troops as the only power in the region capable of establishing a minimum of stability (Pain and Popov 1996: 281-301, 293).

The Russian minority issue was clearly a pretext to the pressure that was later placed on the new states. This proved to be the case with Azerbaijan. Despite numerous demonstrations by Russians from Azerbaijan in Moscow demanding change in Russia's unfair policies towards Azerbaijan, Russia would continue its coercive approach towards Azerbaijan, thus making Russian minorities hostages to Russia's policies.

The policies toward the "near abroad" assumed priority in Russia's foreign policy agenda.<sup>5</sup> The consolidation of the idea of Russia's special role as a guarantor of peace and protector of the right of Russian minorities in the region became more assertive, as the idea resonated with Russia's vital interests (Webber 1997). But despite the changes and clash of priorities in Russia's foreign policies, including those in the "near abroad" and the Caucasus, the countries in the region never believed that Russian power over them would weaken. As Baev (1997: 57) stresses, "the obvious paradox in Russia's policies in the Caucasus is that they become more ambitious and assertive as their resource base shrunk." The fact that the major policy tools relied on the military helps to explain the perception in the region that Russia's intentions were basically hostile, regardless of who was in power. Russia relied strongly—as it has always done—on military instruments in pursuing its political goals in the Caucasus. And it is precisely in the military arena, as Baev observes, that the decline and decomposition of Russia's power was the most obvious.

Despite this decline and the distracting effect of the Chechen war, the ability to influence developments in the region (such as destabilizing the conflict zones and supporting the opposition in the civil wars) was not affected. This type of involvement did not require substantial resources. The systematic arms supply by Russia to Armenia since 1993 for more than US \$1 billion was exposed by General Rokhlin in 1997. According to statements by the leaders of Azerbaijan and Georgia, multiple assassination attempts and attempted coup d'états in these countries were carried out in collaboration with external forces. The fact that these attempts were not successful does not necessarily reflect Russia's weakness; they could equally signal the strengthening of new states. Managing conflict in the region, however, soon proved to be as pretext for strengthening Russia's influence. The core military policies in the Caucasus, as Baev (1997: 23) notes, featured "a dual military course (that) was implemented: prepare and conduct withdrawals where necessary, and push President Yeltsin for more engagement where possible." This method of conflict management—freezing the conflicts rather than resolving them after the establishment of Russia's military presence or achievement of other foreign policy objectives—caused doubts among observers that conflict resolution was a priority in Russia's policies in the Caucasus.

This eventually led to Russia being perceived as a protector by Armenia and a threat by Georgia and Azerbaijan. Russia preferred the traditional policy of weakening the countries by supporting the insurgent regions in Georgia and allying with Armenia in the war with Azerbaijan. This policy brought only partial success to Russia, which managed to convince Georgia and Azerbaijan to join the Commonwealth of Independent States (CIS). It, in turn, obtained the agreement of the Georgian government regarding its military bases, joint border troops, and Russian peacekeeping forces (under CIS auspices). The relative success of its peacekeeping activities took place in May 1994 when the cease-fire agreement was signed between Azerbaijan and Armenia, with Russia acting as the mediator. Apparently, Russian activation in the conflict resolution was caused by pressure from competition with Western mediation attempts within the OSCE framework. However, Russia's inability, or unwillingness, to play a more constructive role in the conflicts as well as its continuing coercive policies forced the Caucasus to look for an alternative ally in the West to address the major security concerns.

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<sup>5</sup> *Nezavisimaya Gazeta* 29 April 1993: 1-3.

Since 1993, however, the issue of Caspian resources acquired greater significance in Russia's foreign policy agenda. Despite the fact that Russia started its assertive and independent policy regarding the legal status of the Caspian sea as early as 1992, the first sign of Russia's commitment to control the development and resources of the Caspian region was its apparent assistance of the coup d'état which ousted the dissident President of Azerbaijan, Elchibey. This took place just two weeks before the signing of the oil contract with the foreign oil companies without Russian participation (Fedorov 1996: 26). Russia's interest in Caspian oil resources was perceived as a way for the country to influence the Russian oil industry in the region, to establish early control over the activities of transnational corporations, and to achieve the greatest profits and most effective control over the volume of export supplies (Schultze 1996: 8). But the interests of Russia in the Caspian are also regarded by most experts as another way for Russia to maintain its decisive influence in the region, which is regarded by Russia as a sphere within its vital interests. The main directions of Russian policies in the region are related to the definition of the Caspian sea's legal status and the choice of the transportation route for Caspian natural resources.

The Chechen war significantly undermined the political role of the military in the decision making process. The role of the military was replaced by the Ministry of Interior, the Federal Security Service (FSS), the Presidential Security Service (PSS), and a strengthened Energy Lobby. However, contrary to expectations in the Caucasus, the effect of the "pragmatization" of Russian foreign policy did not last long. Rather, it developed along two parallel paths: the conservative/coercive line (Russia's policies in the Caspian) and pragmatic line. Despite the development of a more pragmatic approach, the coercive elements did not disappear from the arsenal of Russia's policies in the Caucasus. In general, many experts agreed with Russian pressures on the countries of the region, such as supporting the breakaway regions and pro-Russian opposition and coup d'états; diplomatic pressure against the oil contracts, signed independently of Russia, which blocked the decision on the sectorial division of the Caspian sea; and the creation of conditions that undermined the reliability of competing pipeline routes, for example, the closure of borders with the Republics.

Russia's interest in monopolizing transportation was justified by the desire for economic and political control in the face of competition with the regional powers and outside actors, mainly the West and most especially the United States and its oil companies. By late 1993, Russian foreign policy was characterized by "relative estrangement from the West and increasing competition with it" (Hunter 1994: 154). The relative weight, significance, and interaction of the conservative and pragmatic lines—the former represented by diplomatic and power (force) structures and the latter by the energy lobby—in Russian foreign policy in the Caucasus is a debatable question. The views vary about whether they are mutually exclusive (Fedorov 1996, Forsythe 1996, Baev 1997) or complementary (Shorokhov 1997) approaches.

However fragmented Russian foreign policy was towards the Caucasus, the strategic importance of the region in the post-imperial period put these countries under the permanent pressure of the ambitious but economically weak former Soviet metropole. Russian foreign policy was a result of complex relations among competing institutions, internal political struggles, and international factors. Despite its gradual shrinking resource base, Russia did not back away from these pressures in dealing with the Caucasus states. Instead, Russia remained faithful to the traditional policies of "divide and rule."

## Turkey

The collapse of the Soviet Union had an impact on Turkey's interests in both the regional and international levels. On the one hand, it opened up possibilities for Turkey to play an important role in the Caucasus and Central Asia. On the other hand, there was anxiety in Turkey about whether it would still enjoy the same role and significance to the West in the region after the communist threat was eliminated. Turkey's security concerns were related to the region's instability. There was concern that this could have spillover effects and aggravate the situation in Turkey itself. Furthermore, some forces in Armenia insisted on territorial claims to eastern Turkey. This concern later developed alongside the growing cooperation between Russia and Armenia in the security and military spheres.

Turkey, which is a member of NATO, has had long historical ties to the West and thus has highly developed Western institutions compared to other countries in the region. This was both a blessing and a curse for Turkey's interests in the region. Among the regional powers, Turkey is the most attractive partner because it serves as an effective model for developing a new political regime, an emerging market economy, and secularism for the countries in the Caucasus. However, Turkey's unilateral activities in the region are restricted by its ties with Western institutions and its problematic relations with Europe. In addition to the factors mentioned above, Turkey has an advantage compared to other countries in the region because of its unique geographic position that borders many nation-states as well as ethnic, linguistic, military, and historical commonalities with the majority of Central Asian states and Azerbaijan. Turkey regards itself as a bridge between the East and West and, thus, sees itself as an agent of Western influence in the Caucasus and Central Asia. It strives to be a model of democratic and market economic growth for these countries.

These characteristics also allow Turkey to view itself as a country capable of enhancing the integration of the region into an international system in order to avoid dividing the region according to the regional powers' spheres of influence. This would amplify the danger of "Russian domination" and decrease the rivalry among the regional powers (Eralp 1998). Along with other Central Asian states, Turkey was the first country to recognize Azerbaijan and Georgia. Because it realized that any power in the region that wishes to increase its role should be first capable of enhancing peace and stability, Turkey was eager to mediate the regional conflicts and was very active in the OSCE. Furthermore, Turkey played an important role in encouraging the participation of these countries in such NATO programs as the Euro Atlantic Partnership Cooperation and Partnership for Peace.

However, any hope of Turkish influence in the region was impeded by the instability that marked Turkish politics and economics. This included Turkey's troublesome minority relations, the country's historical problems with Armenia, and the constraints of Turkey's unilateral actions in the region related to its pro-Western orientation, such as membership in NATO and its objective to be integrated into the European Union (EU). In fact, Turkey's ambitions to be a regional keystone in the region were "limited by a continuing adherence to the self-imposed foreign policy constraints of the early days of the Republic" (Mayall 1998). International and domestic constraints of Turkish unilateral actions in the region influenced the speed of consolidating independence by Azerbaijan and Georgia, as it could not serve as a full counterbalance to Russia, especially in the security sphere at the early stages of the post-Soviet period. This made the strategy of Azerbaijani leadership in resisting Russian pressure in the military and political spheres very risky. Later, however, with the West's growing interest in the region's oil development and with increasing Russian military presence in, and arms supply to, Armenia, Turkey began a bilateral security cooperation with Azerbaijan, which remains Turkey's most reliable and solid strategic partner in the region.

Turkey had a more successful economic partnership with the CIS. While Russia was closing the borders with the Caucasus and blocking trade communication, Turkey was expanding its trade with these countries. In 1991, the Black Sea Economic Cooperation organization was initiated. Turkey's most important interests included participating in oil and gas deals and transporting resources. Transporting strategic resources did not just reap economic benefits; it had an even greater political meaning in the region. For Russia, losing monopoly over the pipelines would mean weakening its capacity to influence politics and security in the region. More specifically, it would mean losing an important means of pressuring oil-producing countries, while for Turkey having the Main Export Pipeline (MEP) passing through its territory would mean increasing its independent role in the region and re-gaining its significance in the West. By playing a bigger role in the region, Turkey's other interests would also be supported, for instance, integrating into Europe. In fact, they are two reinforcing and interrelated objectives.

The attempts by Russia, in alliance with Iran, to block the Trans-Caspian pipeline project that was supported by the United States and environmentalists was met with protests from Turkey. Turkey argued against constructing the alternative pipeline going through the environmentally fragile Bosphorus. It would be unfair to say that Turkey did not do its best to try and balance relations in the region, for it understood that only such an approach would put her in an advantageous position compared to the other powers in the region. However, despite the agreement with Armenia to improve relations, the occupation of a section of Azerbaijani territory did not make this possible. Turkey joined the embargo of Armenia that was imposed by Azerbaijan as a result of the conflict. Eventually, the regional dividing lines became apparent as a result of the continuing conflict between Azerbaijan and Armenia, with Russia allying itself with Armenia and Turkey with Azerbaijan. In fact, since 1997 the efforts of Azerbaijan diplomacy to activate cooperative relations with Turkey with regard to security issues intensified. These efforts were mostly related to the disclosure that Russia was supplying arms to Armenia and attempts by Azerbaijani politicians to tie Turkish security concerns with increasing military Russian-Armenian cooperation in the region as a direct threat to Turkish interests.

## **Iran**

Iran hoped to restore its former historical influence in the Caucasus and Central Asia. This made Iran a chief competitor with Turkey, which had the advantage of shared ethnic and linguistic cultures with most of Central Asia and Azerbaijan. There are, however, opposing assessments about the nature of Iran's interests in the region, ranging from its defensive character (Hunter 1994) to its objective to expand its influence in the region (Forsythe 1996). According to the latter perspective, Iran is striving to expand its political influence, reach profitable economic and commercial relations, spread Islamic ideology, procure Soviet weaponry, and acquire nuclear expertise and materials.

The active Iranian policies in the region in all areas, but particularly in the economic sphere, prove that they intended to become a regional leader. Iran, which already enjoyed favorable and advantageous trade relations with Armenia, not only intended to win leading positions in trade relations, but also the rights to transportation and control of oil and gas resources and markets. Iran also had the advantage of being an energy producer as well as serving as a transportation link between the region and the Persian Gulf. The defensive version stresses the security concerns of Iran related to Azerbaijan's influence in the North. Iran's pro-Armenian position in the conflict can be explained by the unwillingness to see the growth of Azerbaijan's influence, which will eventually pose a threat to Iran's territorial integrity.

Iran strongly desires to end its international isolation, to become a more influential independent actor in the region and the Middle East, and to establish control over regional resources.

However, the potential for greater Iranian influence is limited by the resistance of the secular elites of the Caucasus and Central Asia and by the human rights problems associated with the Azerbaijani population in Iran. The contradictions between Iran and Azerbaijan are essential, both for Azerbaijan's political relations with the West and the development of closer ties with the United States and Israel. This clashes with Iran's anti-Western and anti-Israel sentiments and brings its interests closer to Russia's.

Like Turkey and Russia, Iran made few attempts to mediate the conflicts. Despite its more balanced policies compared to the other regional powers, all attempts at mediation failed. The other important direction that Iranian interests have taken is the Russian-Armenian-Iranian cooperation in the nuclear energy and arms trade spheres. In 1991, the USSR sold arms to Iran for US \$1 billion, and from 1992 to 1995, the price went up to US \$6 billion (Forsythe 1996). Relations with Turkmenistan are crucial because of Turkmenistan's transportation connections to Central Asia and the possibility for Iran to get its share in the competition for transportation routes that connect Central Asia to Europe through the Persian Gulf.

In 1994 the agreement to construct automobile and rail roads from Turkmenistan to Iran was signed. The orientation of Iranian politics toward Armenia and Turkmenistan is designed to break through the isolation imposed by the United States. The Iranian objective in spreading Islamic ideology represents a complication in the relations between Azerbaijan and Iran. It caused a certain level of distrust and created tensions between them. Financial support of religious institutions by Iran in Azerbaijan is another form of pressure which newly independent secular states have tried to resist.

Islamic ideology, however, has not prevented Iran from forming closer relations with Armenia and Russia. Thus, because of its strategic significance—from the point of view of its resources, transportation routes, stability, and location as a “buffer zone”—the Caucasus has faced tremendous pressure from the regional powers. These countries have clashed with each other in order to gain control over the sphere of influence. The consolidation of independence by the Caucasus states was accompanied by resistance and pressure from the former metropole as well as from the other regional powers' growing security concerns. On the one hand, the absence of regional organizations that are based on equal partnership and regulation of relations among all six countries in the region made the NIS vulnerable to the coercive policies of the greater regional powers. On the other hand, the NIS's relative distance from Europe made the West uninterested in active involvement in the region. This put the Caucasus in a difficult position vis-a-vis the regional powers. Western interests became salient after 1994 when European and American companies got involved in the development of the Caspian oil fields. Despite intensive attempts by the South Caucasus leaders to attract the attention of Western countries to support emerging democratic republics and new states (which were facing challenges from mostly unstable, non-democratic, and ambitious regional powers), Western policies focused on Russia. The West considered stability under Russian domination in the troubled region to be the best scenario for that part of Eurasia.

The growing presence of the West in the region, however, increased pressure exerted by the regional powers on the new states and aggravated their security situation. In some cases, Western policies destroyed a delicate balancing process achieved by the NIS leaders. This was the case when the United States protested the participation of an Iranian oil company in an oil deal (the “contract of the century”) with American companies in 1994. The United States forced President Aliiev to make a choice instead of seeking a balance. The reaction from the Iranian party was immediate: the gas supply to Nakhichevan (in the region of Azerbaijani, which is surrounded by Armenia) was shut down. Both Aliiev and Shevardnadze, who were pragmatists in international relations, focused on the core basis of Western strategic interests in the region, that is natural resources and their transportation. Further strategy developments included the

involvement of Western political and security interests based on economics and the creation of alliances that promoted the strengthening of new states and their integration into Europe.

Taking into account the slowness of the aforementioned processes, the strategies to move away from the Russian sphere of influence were a very risky enterprise. Since the signing of the oil “contract of the century,” both leaders who have sought to resolve their security problems have relied on their own strategies vis-a-vis Russia.

### ***Institutions and Leadership in the post-Soviet Caucasus***

The framework of this paper does not allow a consideration of all possible factors that might influence the choice of strategies in the Caucasus, both on the domestic level (such as nationalism, pressure of the opposition, internal political struggle, the nature of institutions) and external level (such as the scale of threats and security dilemmas). I will focus, instead, on one essential component of post-Soviet policy making: its highly personal character, which is a result of the exceedingly centralized presidential form of power.

The fact that the post-Soviet Republics preferred the presidential form of power after the collapse of the Soviet Union can be explained by the logic of the post-Soviet institutional legacy, when presidential leadership appeared to be the most appropriate way of providing institutional continuity after the Soviet authoritarian regime. Later the complex security environment composed of multiple external and internal threats forced the South Caucasus leaders to adopt a constitution which granted them excessive executive powers and the control of parliaments and the judicial branches of power. One should not, however, disregard structural societal factors that influenced the political regime, including a weak civil society, relatively weak opposition, and anti-political attitudes in post-Soviet societies.

In fact, the effect of centralizing the regime caused by the security challenges (especially in Azerbaijan and Georgia) was the strengthening of state power, which, in turn, interfered with another objective: building democratic political regimes based on the principle of self-governance. This centralization of power appeared to be a systemic reaction to the threats of disintegration accompanied by growing exclusive or coercive policies in dealing with secessionist regions. Thus liberalization and democratization were seen as contradicting the aim of the consolidation of power and control over the regions. It also was seen as hindering foreign policy decisions and restraining the choice of strategy options for the leader.

The ideology of “partial political liberalization” was explained by the ruling circles as a necessity caused by the impossibility of building “democracy from scratch” overnight, to borrow an expression from Fish (1995). Full liberalization would mean creating a state of anarchy, for the populace would not be ready for democracy. Instability, according to this school of thought, would hinder economic reforms, which, through the creation of the middle class, are supposed to be the basis for democracy. Since external factors essentially contributed to the weakening of states, the consolidation of power and state building were closely interrelated with foreign policy strategies. The presidential form of government, particularly the excessive executive power of the president, and the semi-authoritarian regime allowed the executive branch to have more freedom in foreign policy decision making. In case there is no possibility of regaining control over the territory, for instance, the leader can opt for diplomatic solution. This way, he is capable of introducing further options other than war. It also protects foreign policy decision making from the influence of different interest groups. But the range of strategies and possible solutions becomes dependent on the personal capacities of the specific leader and is limited by his background, not just by factors such as nationalism, a weak civil society, lack of pluralism and a corresponding lack of institutions to resolve conflicts.



The dissident leaders in Georgia and Azerbaijan found themselves in a situation, which required outstanding management skills. They had to rule countries that faced extraordinary pressures from regional powers that were struggling for influence. These societies were fragmented and still handicapped by the legacy of Soviet modernization. These legacies included elements of traditional, sometimes feudal relations, secessionist movements, a declining economy, the resistance of the old bureaucracy, corruption, and collapsing old institutions. The young generation of politicians who came to power as a result of the conflicts among different political systems introduced such ideological slogans as independence, democracy, and territorial integrity in their policies. This was done at the expense of consolidating power, strengthening state institutions, and establishing peace and order. It eventually led to their replacement by the former communist bosses.

The survival of the old communists, who continued to lead their countries, can in part be explained structurally. Post-Soviet societies bore a lot of elements from the past. The Soviet legacies were embodied in the countries' social structures and political culture and values. In addition, the leader was associated with security, order, and comfort in contrast to the turmoil and anarchy of the post-Soviet period. "The Soviet legacy in the context of economic and political chaos of transition, produces a system prone to populist authoritarianism. The Georgian political culture contributed just as much to the paternalism and violence which characterized Gamsakhurdia's reign as the Soviet legacy" (Jones 1997). The short lived experience of the young generation of leaders was also a good lesson of how unbalanced and unrealistic foreign policies can lead to the failure of a politician.

Still, despite all these factors, the current leaders of the post-Soviet Caucasus demonstrated a very impressive understanding of the core problems of international relations and adjustment to the complex knot of regional and external rivalries. These qualities of what is universally known as a "good politician" were formed and strengthened during their long political careers in Soviet political institutions. The Soviet system, despite its ideological character, was based in fact on a set of very pragmatic principles. At the time, the development of the politician's specific generation ideology increasingly became a cover for a system of personal networks, patronage, and corruption.

This dual character of politics also led to what is called "double talk" but, in fact, it prepared the basis for a diplomatic language and understanding of the *realpolitik* hiding behind the facade of the declared normative principles in international relations. As in any other political system, appeasement and intrigues are a necessary part of the authoritarian system; they appeared to be a useful tool in dealing with external and internal rivals. Thus there was a set of leadership traits that were enhanced during Soviet political life. This allowed post-Soviet leaders to adjust more easily to the new political and economic conditions. The ruthlessness with which the leaders dealt with their adversaries helped them crush the military opposition. An authoritarian system required strict respect and appeasement of more powerful adversaries while suppressing weaker ones. This is similar to the realist behavior found in international relations; in the complex post-Soviet geopolitical environment, the leaders reduced external pressure and ignored and partly suppressed the internal opposition.

The Soviet political career system created a space for leaders to survive intrigues through the clash between opponents' interests and the creation of alliances to fight adversaries. This expressed itself in the outstanding capacity of the former communist leaders to get rid of most of their political rivals. They also built their foreign policies by balancing and exploiting the contradictions among the competing powers.

The development of personal networking and patronage systems enhanced a very pragmatic approach in politics. It led to an early awareness of *realpolitik* in international relations. While dissident leaders made ideology a centerpiece of their foreign policy, the former communists

used economic interests as the basis of theirs. Aliyev foregrounded oil interests while Shevardnadze raised Georgia's significance as a transit country. At the same time ideological factors were essential in their policies, as they were used extensively in the propagandist machine in their domestic policy as well as in the formation of a public image for the international audience. This factor was totally ignored by the previous generation of leaders. As in any other political system, Soviet politics required a certain degree of political opportunism. Very often, it is opportunism combined with vision that turns into outstanding political leadership. The most important feature of this opportunism is a sense of power, or anticipation of a power shift. This was a very important feature for both successful leaders because glory is usually found near power. Their genius was to anticipate the relocation of power to the West, and that was an important driving force behind their behavior during decolonization.

In Azerbaijan and Georgia, the two post-Soviet leaders had a vision of their countries' prosperous future through regional cooperation and their integration into the West. In Armenia, the foreign policy vision was limited by the high level of nationalism, which narrowed down the strategy options. The drama of Levon Ter-Petrossian, the former President of Armenia, revealed the limiting power of nationalism that was promoted by military victories. However, for the very same reasons that made them successful, the pragmatic generation of leaders lacked vision in domestic policy. Most of the skills which they had acquired from their past political experiences, and which proved to be useful in the management of post-Soviet societies, did not help in establishing deep reform, especially in the domestic policy arena. The most effective reason for these leaders to change their old style of leadership was the desire to integrate in the West. The other worrisome tendencies in leadership styles were the cult of personality, underestimation of foreign policy institutions like diplomatic services, and nepotism in these institutions. The common trait among all three leaders in the Caucasus, regardless of their past, was the nature of their consolidation of power: in an unstable environment, they resorted to the system of patronage and informal networking.

Despite the fact that Ter-Petrossian did not pass the "school" of Soviet party careerists, he was part of the same society and also showed a tendency towards nepotism, patronage, and authoritarianism when he could not resolve problems. The very nature of post-Soviet society determined the methods of governance to which post-Soviet leaders resorted to during the course of consolidating power, regardless of their past political careers. The societies were deeply affected by pre-Soviet patriarchal patterns, which were enhanced by the Soviet system of kinship-based social relations (Dudwick 1995). These reasons also explained the failure of the dissident leaders who, in their strategies, did not take into account the social structure of the post-Soviet states.

The post-Soviet dissident leaders did not stay in power longer than a year due to their inability to use international and domestic assets or resources in developing mutually enforcing strategies. While they were good long-term visionaries, they lacked the ability to consolidate power and provide a favorable and secure international environment by using these assets. The new "old" leaders brought to power their extensive knowledge of their society and bureaucracy. They established basic order and internal stability by controlling the "force" structures and avoiding the fight against corruption. This allowed the bureaucracy to co-exist peacefully with, and benefit from, privatization.

## Armenia

Armenian leaders had to be inventive with regard to their assets in their small, landlocked country that suffered from poor resources. But compared with its neighboring countries, Armenia had a number of advantages. It had a more homogenous society with no autonomous and regional nationalist legacies, which promoted political consensus and mobilization. Other favorable factors included Armenia's international image as a victim, its substantial and influential diaspora, and its traditionally good relations with Russia, the main "trouble maker" in the post-Soviet space.

Despite political consensus in Armenia on the issue of Mountainous Karabakh, there were certain contradictions in the foreign policy agenda of the two major forces in Armenian politics. The perspectives of the Armenian diaspora population and the Dashnaktsutsiun party were based on historical grievances with Turkey that included arguments over acknowledging the events of 1915 as genocide as well as territorial compensations. These were viewed as major pre-conditions for the improvement of their relations. Dashnaktsutsiun's Western or Russian orientation were mostly tactical and changed depending on security requirements. Since 1991, their orientation has been mostly pro-Russian.

As the major opposition movement, the Armenian National Movement's (ANM) position is also based on an alliance with Russia, but at the same time, it has a more moderate attitude towards the historical past with Turkey. The contradictions in the foreign policy agendas of the two major forces that emerged after the consolidation of victories in the Mountainous Karabakh War became, along with political and economic reasons, more salient in the internal power struggle that eventually put an end to the more than seven year rule of Ter-Petrosian.

Nationalism was an important factor that affected the position of the Armenian President. As chairman of the Karabakh committee from 1988-99, he advocated the immediate unification of Karabakh and Armenia and later spoke about the necessity of self-determination among the Karabakhi Armenians. Furthermore, he abstained from direct territorial claims to Azerbaijan. At the same time, Karabakhi and Armenian officials were often being switched, and Parliament adopted resolutions against the territorial integrity of Azerbaijan. The Armenian President refused to sign any declaration, which asserted the territorial integrity of Azerbaijan. The regional security challenges also created consensus in Armenian political circles about maintaining good relations with Iran (which had a substantial and powerful Armenian diaspora and wished to compensate for the absence of trade relations with Azerbaijan and Turkey) and the traditional Turkish rival, Greece.

Relations with Iran and Russia, however, put some limits on the extent of cooperation with the West, especially with the United States. The strategic and military alliance with Russia hindered Armenia's already decreasing possibility of participating in various NATO programs for the CIS countries. Ter-Petrosian, who was first elected the Speaker of Parliament in 1990 and president in 1991, built his strategy based on nationalistic issues that centered on the Mountainous Karabakh issue. This affected the mobilization of post-Soviet politics in Armenia. As was already mentioned, Armenian society experienced less antagonism with the communist bureaucracy, which conformed relatively peacefully to the new forces. In fact, the ANM, led by Ter-Petrosian, consisted mostly of former communist members.

Ter-Petrosian, who was then President, exploited the perception that Armenia was weak in order to focus on stabilizing the country. He used the military bases of the FSU as well as Gorbachev's order to disarm illegal groups in order to build the national army in 1989. Even humanitarian aid for the earthquake in 1988 was used in the battlefields of Mountainous Karabakh. According to Aves (1996), the ability to move from mobilization to the consolidation

of power shaped the success or failure of the Caucasus leaders. Armenia, in this sense, was luckier than its neighbors were. Its traditional sense of dependency and security concerns forced Armenia not only to join the CIS in 1991, but also to sign a military agreement with Russia in 1992. Thus, Armenian state building was not only protected from the pressures of the former Soviet metropole, it also helped shore up its military advantage in the war with Azerbaijan.

No less important, Ter-Petrossian managed to make contracts with the major political forces in the country, thus protecting himself from warlords and the resistance of the opposition. After obtaining power, the ANM and its leader managed to channel the military emergency in such a way as to create strong institutions, such as the President's office, the Ministry of Internal Affairs and Security Ministry, and the Ministry of Defense (*ibid.*). External threats and war were skillfully manipulated by Ter-Petrossian to consolidate power. Military defeats in 1992 caused the parliament to come up with an opposition resolution that criticized the government's policy in Mountainous Karabakh. Ter-Petrossian, in turn, ordered the expulsion of the Dashnak leader, Hrair Marukian, from the country. After the NKR declared independence in 1991, its parliament was dominated by the Dashnak Party, which controlled the militia and its participation in the NKR defense. This was crucial in determining the outcome of the war. In August 1992, when the Karabakh Parliament created the State Committee for Defense, the main positions were taken by the President's allies in the Council of Ministers, including Robert Kocharian. In December 1994, Ter-Petrossian banned the Dashnak Party. Rising authoritarianism soon encroached upon the media; over a dozen newspapers and journals were closed, and government monopoly over television continued unabated.

This indicated some of the general trends of the ANM regime, but most particularly, it demonstrated that Parliament had lost its significance as a decision making body. After the cease-fire was signed with Azerbaijan in 1994, internal problems became more important in determining the success of the ruling regime. The influential Armenian diaspora population was an important ideological and financial source for mobilization. Indeed, relations with the diaspora were crucial for the fate of any politician in the country. In addition to assisting in the war with Azerbaijan, the diaspora provided Armenia with US \$350 million annually (Astourian 1999). Moreover, their political activities in the United States played a major role in the adoption of Section 907 of the Freedom Support Act by the US Congress, which prohibited aid to the government of Azerbaijan.

However, the growing political influence of the diaspora and their parties in Armenia played a strong role in the President's decision to deny dual citizenship for Armenians. As a result, aid from the diaspora community was reduced to US \$2 million in 1997 (*ibid.*). This affected the government's ability to improve the economic situation. Economic inequalities and charges of corruption and abuse of power became the main forms of criticism directed against the government. The President, in turn, used each political crisis to consolidate his hold on power, thus creating a more powerful political apparatus. The constitution granted the President excessive executive power, which prevented clashes between the executive and legislative branches. The President's growing power was accompanied by the departure of potential political rivals from the government. Without any serious consequences that could hinder his power, the President replaced the Defense Minister Vazgen Manukian and the Minister for Foreign Relations Raffie Hovanissian. This made the President's decision making in foreign affairs much easier.

As Aves (1996) stresses, the government formed by the ANM in 1990 consisted of a nice balance among nationalist activists, communist technocrats, and representatives of the diaspora community. By 1994, the composition of the President's office and the government drastically changed, for it now consisted mostly of people who owed their political careers to the President (*ibid.*). Corruption became institutionalized because of the concentration of political power and the lack of accountability in the Defense Ministry and the Ministry of Internal Affairs. The

Ministry of Defense, for instance, was quickly developing a growing network of illegal income because of its access to profits produced through the control of borders and the drafting process (Dudwick 1997: 91).

According to many observers, by autumn 1994 a trend towards greater authoritarianism became evident in Armenia. It was a year marked by a series of political killings. Neither the Parliament in 1995 nor the presidential elections of 1996 were fair, according to international observers. The principle of contracting with different political forces was the tool used in President Ter-Petrosian's earlier political success. Retrieval from this principle led to the President's monopolization of political and economic power in the Republic, which eventually led to his political decline.

Obviously, the consolidation of executive power made foreign policy decision making easier. Internally, however, the shortcomings of the authoritarian rule led to the ruling regime being discredited and undermined the credibility of its foreign policy decisions. Furthermore, the increasing strength of the "force" structures and the relatively weak position of the President himself diluted his power even further. This was apparent after his famous appeal urging compromise on the issue of Mountainous Karabakh. Ter-Petrosian, however, was an intelligent politician and eventually realized that Armenia would be left isolated from the major projects in the region. As a result of the "Velvet Coup," Ter-Petrosian resigned, which led to the arrival of the hard-line former leader of the Mountainous Karabakh "Republic," Robert Kocharian.

The new leadership in Armenia has tried to incorporate the foreign policy agenda of the diaspora community into its foreign policy by making the issue of economic dependence on the diaspora population agree with the leaders' political agenda. This is unlike the policies of the previous leader, who antagonized the diaspora community while using its aid at the same time. The current leadership has also been looking for a way out of isolation. After the short term objectives were achieved, the leadership now faces rather long term problems in Armenia, in particular, the issues of economic prosperity and integration into the West. Forging an alliance with Iran and Russia does not seem to be an attractive prospect. While it provides a regional alternative and solution to isolation, it hinders fuller cooperation with the West. The most important issues remain Armenia's access to transportation and sea routes and finding solutions to its energy problem. Despite intensive trade and energy cooperation with Iran and Russia, the importance of the Great Silk Road for future integration in the world economy remains beyond debate.

The current institutional arrangements, however, do not offer much change in this direction. As Stephan Astourian (1999: 6) observes, "hyperpresidentialism can be an empty shell if it is devoid of legitimacy" and "Kocharian, whose power significantly decreased over the past six months, should avoid following Ter-Petrosian's example." The wider integration into the world economy will require political compromises in the conflict with Azerbaijan. It will be hard to achieve this if we take into account the influence of the Defense Ministry, both in the executive and legislative branches of power as well as the declining power of Kocharian. However, the victory of the former communist boss, Karen Demirchian, who was allied with the Defense Minister in the last parliamentary elections, proves that economic development in Armenia is urgent and that force structures need public support for their political legitimacy.

Interests and threats by post-Soviet Armenia made it enhance pre-Soviet patterns of security alliances in the region, especially with the strengthened Russian presence in the Caucasus. Did Armenia have a choice? And did it try to develop a new approach to the security and economic patterns in the region? The answer is, yes, but there were two major obstacles: extreme nationalism and the populism of the leader. These obstacles hindered the long-term vision of the future of the region and only served to highlight the weakness of the state. This prevented the development of a fully independent strategy and allowed external actors to manipulate the

situation from the side. Further proof can be seen in the recent killings of top officials, including the Speaker of Parliament and the Prime Minister of Armenia during the period of increasingly intensive peace talks between Aliyev and Kocharian. The Mountainous Karabakh issue, despite its seemingly tremendous significance for the Armenian nation, did not necessarily have to turn into a bloody war and could have been resolved in a more gradual and peaceful way. Instead, it distracted the Armenian people from fully cooperating in the region, which would have led the country to a prosperous future and quicker integration into the West.

## **Georgia**

Like Armenia, Georgia is a small country without significant resources, but it has access to the sea and occupies a geographically attractive position as a main transportation hub. There is broad consensus with regard to the country's basic foreign policy orientation. The Georgian political elite was mostly pro-Western and shared a common view that democracy was the best political model for Georgia. The radicalism and ideological nature of the first post-communist forces, in particular, the lack of compromise and pragmatism in both their domestic and foreign policies, were the main features of post-communist politics in Georgia.

The foreign policy of the first post-Communist president, Zviad Gamsakhurdia, was characterized by a naive reliance on the West based on the assumption that the democratic nature of the new forces would be a sufficient asset in attracting Western support. He ignored the necessity of accounting for the still powerful and ambitious former colonial metropole, Russia. Furthermore, he was unable to tie Western interests with Georgia's by choosing correct strategic assets. President Gamsakhurdia extensively used populist nationalism before and after he came to power, and he thus aggravated the insecurities of ethnic minorities. Despite his unquestioned legitimacy, his presidency was clearly becoming ambiguous. Although he always proclaimed that he was committed to, and supported, democratic principles, he had become intolerant towards any opposition. For instance, he shut down newspapers, denounced intellectuals and other elites, and delayed economic reforms. He obviously lacked the ability to make contracts with different political players and neutralize rivals. Instead, he alienated potential allies.

Structural factors undoubtedly influenced Gamsakhurdia's radicalism. Georgian society was highly nationalistic. Nationalist sentiments reached a fevered pitch by the 1989 events in Tbilisi, when Soviet troops attacked civilians as they were demonstrating. Gamsakhurdia's rule was marked from the beginning by institutional centralization. The Round Table's dominance of the 1990 elections meant that Gamsakhurdia faced no real parliamentary opposition to his policies. His influence over parliament was enhanced by the fact that most of the Round Table deputies had no background in politics and were elected solely because they were associated with Gamsakhurdia. In addition, a January 1991 law on local elections and self-government called for the introduction of a controversial system on appointment prefects at the local level. This enabled Gamsakhurdia to exercise personal control over local officials (Slider 1997: 185).

Gamsakhurdia's enjoyed powerful leadership assets, such as popular support, a strong nationalist agenda, and personal charisma. His lack of managerial experience prevented Gamsakhurdia from translating his popularity into successful state institutional building. The excessive presidential power in the decision-making process made his fate directly dependent on the success or failure of foreign policies. The threat of disintegration led to increasingly exclusionary policies against ethnic minorities, and the state grew increasingly incapable of incorporating their needs. This, in turn, affected the development of democracy in the country and weakened the state.

The power base of the next president, former communist boss Eduard Shevardnadze, consisted of the militia and their leaders, some members of the intelligentsia and other elites who were alienated by Gamsakhurdia, the former communist nomenklatura, and a substantial part of the population which associated Shevardnadze with an earlier period of order and security. He inherited a collapsing state that was facing secessionist movements in South Ossetia and Abkhazia, growing disobedience in Adjara, civil war with the previous government, and a Georgian state in which some parts were controlled by either Zviadists or local clans.

Objectively, however, Shevardnadze enjoyed far greater freedom in his foreign policy options for a number of reasons. First, the level of nationalism during this period in Georgia was relatively low, since the majority of the population was disappointed and politically apathetic. Second, his constituency was more moderate. Third, many attributed Gamsakhurdia's defeat to his ignorance of Russia. Military defeats reduced nationalist sentiments and, in addition, were used by Shevardnadze to eliminate the military opposition. However, anti-Russian sentiments were still strong in the society. The complete concentration of power in the hands of the temporary government body, the Military Council, and Shevardnadze's free hand in foreign policy gave him a chance to maneuver relations with Russia. After the defeat in Abkhazia in October 1993 and the resurgence of Gamsakhurdia's supporters, Shevardnadze made a few concessions to Russia. He brought Georgia into the CIS and agreed to the presence of Russian military bases, Russian border guards on the Georgian-Turkish borders, and Russian peacekeepers in the conflict zones. He also appointed Igor Giorgadze as Head of Security and Vardiko Nadibaidze as Minister of Defense. With Russian aid, he suppressed the insurrection of Zviadists and established control over the Western regions. Later he neutralized Kitovani with the help of Ioseliani and after the October 1995 elections, he fully controlled state power by first regaining control over the police.

Institutionally, Shevardnadze started by strengthening his legitimacy through the first series of parliamentary and presidential elections in 1992. This helped him strengthen his power vis-a-vis the Mkhedrioni leaders, Ioseliani and Kitovani. Then he established control over the police, which, along with the law enforcement bodies, became his major power base. Internally, his most important asset was the population's desire for order and stability, which he achieved by signing a cease-fire agreement with the insurgent regions that established order in the country. The President believed that before building the army, the primary way of consolidating power was to assume power internally and achieve social order by controlling the interior. At the end of 1992, he established his political power base through the party, Citizen's Union of Georgia. Domestically, he was in no hurry to fight corruption, since he understood its peculiar stabilizing effect. Shaking that very core of Soviet society would imply serious changes in the power balance. As Ghia Nodia (1996) correctly observes, even reformers hesitated to oppose the police since conflicts with them would put their political future into question. But corruption eventually erodes the legitimacy of power.

Besides affecting domestic policy, Shevardnadze established general order (with the help of Russia) and peace with ethnic minorities that attracted Western support. It first came in the form of economic investments and aid. Joining international organizations and bilateral relations were used for strengthening power internally. Georgian society during the period of power consolidation desperately sought order and stability. These conditions, combined with political apathy, placed different requirements on the leader, especially his ability to strengthen the state and build institutions: "(The) centerpiece of Shevardnadze's approach was his ability to walk a tightrope among fierce contending forces. This helped him through grave political crises, but in no way fills the need for a long-term strategy based on a clear vision of Georgia's future. Without that his balancing act began to look like an exercise in opportunism" (Nodia 1996: 7).

Relations with Russia were crucial in the absence of a reliable and equal alternative partner and in light of the West's passivity. It was the lack of international support that provoked Georgia to

enter the CIS rather than deepen its confrontation with Russia after the fall of Sukhumi. The statement made at that time by Shevardnadze, in which he suggested that he now understood why King Erekle II signed an agreement with Russia in the eighteenth century, was recognition that it was necessary to take into account Russia's role in the region. However, like Aliyev, Shevardnadze viewed entering the CIS as a way of expanding the space for maneuvering. Georgians linked the future of the Russian military base in Georgia with the success of Russian peacekeepers in Abkhazia in bringing Georgian refugees back and in resolving the conflict. Describing Georgian foreign policy towards Russia, one analyst wrote: "Shevardnadze, being a realist, made all pro-Russian steps not because he is an incurable Russophile, but because he does not see any realistic or military alternative. Provided that Western political interest in Georgia increases, Shevardnadze's policy towards Russia will toughen" (Zurabishvili 1996: 5).

In the beginning, he didn't get Russian help either in resolving the Abkhaz conflict or in the form of economic aid. Moreover, Western involvement was insufficient to counterbalance Russia in order to move further in resolving the acute problems of state building in Georgia. In fact, Georgia's reliance on their leaders' international image did not bring about the expected results. The visits of foreign officials as well as European or American support did not produce economic aid that met or exceeded humanitarian aid and NGO support. This aid naturally did not address the acute security problems which Shevardnadze faced, mainly a collapsing country and the necessity of balancing pressure on Russia: "the Western governments remained passive in this crisis and personal friendship between the representatives of the foreign ministries did not play an essential role" (Coppieters 1997: 202). Shevardnadze explained why his policies were ostensibly pro-Russian in 1993: it was because America refused to assist in restoring the territorial integrity of Georgia (ibid: 203). All of Shevardnadze's attempts to strengthen Georgia's security and economic ties by convincing his Western partners of the strategic importance of surrounding Russia with democratic countries were unsuccessful. The "benign disinterest" of the West made the President question his initial calculation of the West's interests in his country and the region in general. It forced him to look for other assets in attracting Europe and the United States to Georgia.

Another, more pragmatic, idea had a greater potential of becoming attractive to the West and has been developed by President Shevardnadze since he assumed power. He initiated the idea earlier in 1990 in Vladivostok, and it focused on the reconstruction of the Trans-Eurasian Transportation Route, which he promoted at the headquarters of the EU. In May 1993, in Brussels, a conference of trade and transportation ministers of the eight South Caucasus and Central Asian countries adopted a common declaration with the European Commission to form a Eurasian transportation corridor. This marked the beginning of the technical assistance project, TRASECA.

Georgia's important role in the Eurasian transportation project became an important strategic asset for President Shevardnadze to further consolidate the independence of Georgia, accelerate its integration into European structures, and enhance its role in the world. This asset, however, appeared to be closely related to the development of oil fields in the Caspian, as well as to two other projects: alternative pipelines and what was later called "The Great Silk Route Strategy." Local analysts stressed the political importance of these natural resource and transportation assets:

It appears to be that annual income from the pipeline will be only US \$8 million (Georgia gets only 17 cents per barrel, while Russia gets US \$2.47 per barrel). It also exempts the oil consortium from any taxes. It was the great political significance of the pipeline that induced the members of the parliament to pass, without any complications, the document that is economically very unprofitable for Georgia. The oil pipeline will turn into guarantor of political stability in Georgia. Oil transit has political rather than economic importance for Georgia (*Georgia Profile*, April 1996, V.1, N.4: 17).



But the actual implementation of these crucial projects started only after 1994, when the signing of the oil contract with foreign companies in Baku appeared to be a major breakthrough in the region's geopolitical balance. The international provisions in the legal agreements made in Sarakhs, Turkmenistan, in 1996 regarding the coordination of transportation among Georgia, Azerbaijan, Uzbekistan, and Turkmenistan were the first attempt to realize the TRASECA project.

Another development in Georgia's strategic importance as a transportation link and its moves towards integrating into Europe was Georgia's own adoption of the new concept, "Pan-European Transport Area," at the 1998 Pan-European Transportation Conference in Helsinki and the recognition of Georgia's role in TRASECA as a priority. Aside from the political significance, numerous other projects related to the transportation routes connecting Europe and Asia would mean millions of dollars in investments in the Georgian economy. However, as one author warns, with the rise of transportation as a strategic asset, the growing significance of Georgia opens up choices for Georgia's leaders and may lead the state to keep its non-Western paternalistic model (Nodia 1997: 197).

In Georgia, as in the other Republics, the process of centralizing power continued during Shevardnadze's rule. The Georgian public's perception was that it was only the President who decided crucial issues in the country. "Taking into account the composition of the Georgian Parliament and the spectrum of political forces, practically everything depends on the personality factor of President Shevardnadze" (Zurabishvili 1996: 14). Shevardnadze's adherence to the principle of balance between opposing political forces had negative effects on reform and weakened institutional power. As the head of government, Shevardnadze had wide-ranging powers to appoint the heads of the Ministries, and he would usually appoint former communist officials with experience in certain sectors who would then resist reforms (Slider 1997: 66).

In general, post-Soviet leaders associated any essential reform, especially political liberalization, with major changes in power balance. In turn, this would lead to instability and would hinder the policies of survival and maneuvering in the complex geopolitical environment. The powerful motivation to reform, however, could very well stem from both Azerbaijan's and Georgia's desire to integrate into the West. For Georgia's leaders, the image of a democratizing and liberal country, as well the leader's ability to reform the country in the absence of essential natural resources or any other strategic attraction were, until recently, the main features in attracting the West's attention. For Georgia, this desire was supported by its economic dependence on the West. In Azerbaijan, it was weakened by a choice that Azerbaijani leadership had because of its natural resources: "Georgia's dependence on foreign aid to feed its population...has left Shevardnadze little choice..." (Jones 1997). According to the editors of the local *Georgia Profile*, "if there is not support from the Western envoys the development of the Georgian independent media, abandoned vis-a-vis our State authorities, will be cast into retardation, as the Rustavi-2 trial showed. Because the rate of adherence to the laws of democracy by our executive or judicial bodies is directly proportional to the will of the president, while his will is directly proportional to the pressure from the West."<sup>6</sup>

As the case of Georgia shows, internal and external threats forced the leadership to exercise excessive presidential power. In doing so, it caused conflict with the political opposition and elites. It also undermined Gamsakhurdia's legitimacy. While their actions made foreign policy decision making easier, it also made them extremely dependent on personal leadership styles. This contributed to the failure of the first Georgian leader. At the same time, leadership style was the main reason for the success of the second leader because of his pragmatism and "shrewd application of technology of power. He was very good in entering coalitions when he needed

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<sup>6</sup> Editor's Column, *Georgia Profile*, October 1996, p.1, v.1, n.10.

them, using contradictions between his rivals and only striking against his enemies when the time was ripe” (Nodia 1999: 8).

Centralized power protected Shevardnadze’s foreign policy maneuverings from pressure exerted by the opposition. He achieved this by controlling Parliament and providing stability in the region through the control over prefectures. Strong executive power also deflected any possible influence from the emerging “neo-communist” forces, whose orientation was pro-Russian and who could have influenced the foreign decision making process. Both Shevardnadze and Aliyev did not let the military and security sectors gain independent power. On the contrary, they successfully got rid of their military rivals, who initially controlled the force structures. Like Aliyev, Shevardnadze’s popular support and international recognition, combined with his successful tactics during the periods of crisis, appeared to be powerful resources that supported his legitimacy and that helped him gain control over the force structures. These leaders translated their leadership assets into a consolidation of power and control over state institutions. Shevardnadze’s achievement was recognized through his international image, while Aliyev got his through oil diplomacy.

### **Azerbaijan**

Despite having a predominantly Muslim population, post-Soviet Azerbaijan’s social and political elites formed a consensus with regard to their country’s foreign policy orientation to the West. (This is similar to Georgia.) Despite strong suppression from Moscow and the absence of any Western or Russian democratic support, the memories of a short-lived independent democratic republic appeared to win out over all other political projects, and thus forces with democratic agendas came to power in 1992. However, the new government did not manage to break through the isolation: democratic forces in Russia were influenced by the Armenian diaspora in Moscow and violent conflicts (not unlike the United States, where Congress imposed sanctions against the Azerbaijan government in 1993 under the influence of the Armenian lobby).

But the more important factor that determined the fate of this leadership was the Popular Front Government’s lack of pragmatism in their policies and skills in making contracts with different forces in the country. President Elchibey’s foreign policy was ideological, which reflected the nature of the Popular Front and his own dissident political background. The reasons for the failure of the first post-Communist leader in Azerbaijan are to a certain degree similar to the failures of his Georgian counterpart. Both leaders were prominent dissidents and nationalists. Moreover, they were idealistic and inexperienced in management. The two countries faced a very complicated transition, including social polarization, the resistance of local elites, and pressure exerted from Moscow. In Azerbaijan, for example, Soviet tanks killed 137 people and wounded nearly 700 people. In Moscow, the government arrested many Popular Front activists in 1990. Despite these obstacles that blocked the mobilization process, Elchibey, who represented young intellectuals sympathetic to Western and Turkish influence, was the first leader in the entire FSU to successfully manage Soviet troop withdrawals from his country’s territory. The reason for this decision could also be found in the belief that the center wanted to distract the Caucasus peoples from their anti-colonial movement by stirring up conflicts among them. Only independence from Russian military presence, it was thought, would perhaps help Azerbaijan resolve its conflict with Armenia.

The majority of the opposition political parties shared a common vision that Western-type democratic secular states should be a model for Azerbaijan. The pro-Iranian Islamic and pro-Russian communist forces were very insignificant and did not have any influence on political life in the country. Against the background of nationalism and the ideology of the national liberation movement, Elchibey consistently consolidated Azerbaijani sovereignty and resisted all Russian

proposals to be present in Azerbaijan. Elchibey resisted a number of conditions, in particular: Azerbaijan's entrance into the CIS; the allocation of Russian military bases on Azerbaijan's territory; Russian unilateral peacekeeping forces and its leadership in the negotiation process in the conflict with Armenia; the joint protection of the "external borders of CIS;" and the joint exploitation of the Caspian sea. He insisted only on bilateral cooperation with Russia and promoted the idea of economic cooperation among Azerbaijan, Georgia, and Ukraine in order to consolidate these countries' sovereignty before Russia.

At the same time, he miscalculated the regional influence of Iran and Russia. Instead of balancing their interests and making allies, he alienated them. He mistakenly thought that at that stage of independence, they could win the war. The political support of Turkey, however, could not counterbalance the military alliance between Armenia and Russia. Meanwhile, both regional powers exercised coercive but effective policies toward Azerbaijan. Pressure was exerted from Russia's military alliance with Armenia and through the support of the secessionist movements and the military opposition. Further pressure was produced by Iran's active trading relations with Armenia and Mountainous Karabakh and the interruption of energy supplies to Nakhichevan. Elchibey's ideological orientation towards international relations and the pre-conditions that he imposed prevailed in his dealings with other countries, especially Central Asia, France, and the United States.

Elchibey's focus on creating a liberal democratic spirit in society, combined with his lack of managerial experience, negatively affected his objective of building a strong state. The liberalization of political life, his failure at the front, and his inability to consolidate power over force structures and create basic order led, during his year of rule, to the success of a rebellion led by the insurgent Colonel Suret Husseynov, who was supported by the Russian military. Elchibey was ousted in 1993, just a few days before signing the multibillion-dollar oil contract with foreign companies and which excluded Russian participation. An essential domestic reason for his failure was that after coming into power, he did not conduct parliamentary elections and kept the old legislative body, where the old and new (Popular Front) forces shared seats equally. Furthermore, he did not conduct local elections and, instead, replaced some of the regional executives with people loyal to the Popular Front leaders. He did not make effective contracts with the old bureaucracy, which was replaced by incompetent Popular Front members. There were no institutions to back him up, and he was unable to consolidate public support during the coup. Elchibey's rule was characterized by institutional anarchy in foreign policy decision making: nobody submitted to anyone, there was a lack of expertise, and authority was diffused and confusing. Like Gamsakhurdia, Elchibey's major assets were personal charisma, his popular support, and nationalism. He could not translate these assets into building a stronger state. The ousting of Elchibey was precipitated by the failures at the front. He arrived on the wave of nationalism in war-torn Azerbaijan. Azerbaijan's military failures were closely related to the political weaknesses of the Elchibey regime. Azerbaijan's army was established in November 1991, but by the beginning of 1993, it still represented a few units loyal to their local commanders. Baku, in turn, relied on commanders, such as Husseynov, but was unable to exert real control over them since these commanders financed these military units.

After the anarchy and insecurity that followed Elchibey's liberalization, the Azerbaijanis associated the arrival of the former communist leader, Aliyev, with the relative stability and order of the former Soviet period. He not only brought with him an intimate knowledge of the people and the country, which he had ruled for more than fifteen years, he also possessed a deep understanding of the main "trouble maker" in the region, Russia. He drew two main conclusions from his experiences as a former leader: that one should not ignore the interests of powerful neighbors and that relations with the West should be built on a completely different basis. During his rule, Aliyev has been more skillful than Elchibey in mobilizing resources at his disposal to stay in power. He saw the necessity of drawing concessions with Russia, such as the entrance of Azerbaijan into the CIS and providing Russia with a share in oil contracts in order to

weaken Russian pressure on Azerbaijan that was creating instability in the country. Like Shevardnadze, he initially overestimated the willingness and ability of Russia to support the restoration of Azerbaijan's territorial integrity, but eventually he understood the limits of Russia's position in the conflict, in particular, its lack of preparation in giving up its traditional policy in the region.

In the domestic policy arena, Aliyev suppressed his political and regional oppositions and established control over the police upon his arrival. He forced Suret Husseynov to accept the post of Premier, although Husseynov wanted to abolish the Presidency and convene the Supreme Soviet. During the summer, Aliakram Gumbatov, the leader of the self-proclaimed Mugan-Talysh Republic in the South of Azerbaijan and an associate of Husseynov's, was arrested. Aliyev strengthened his legitimacy by holding a referendum and conducting Presidential elections in 1993 and parliamentary elections in 1995, where the victory of his party, New Azerbaijan, was almost guaranteed through the design and manipulation of the electoral law and elections. He signed a cease-fire agreement in 1994 with Armenia (Russia acted as mediator) and established peace and order in the country. That year (1994) began a new period in the history of Azerbaijan and the region as a whole.

As a pragmatic leader who was aware of the *realpolitik* of the West, Aliyev exploited his country's rich natural resources that stirred Western economic interests in order to counterbalance Russia's pressure. The contract with the oil companies was expanded and Russia was included. However, the fact that a Russian oil company was among the ten foreign companies meant that Azerbaijani leadership had taken a serious initial step in breaking Russia's monopoly on Caspian resources. The Russian media and Foreign Ministry viewed the contract in negative terms. One newspaper called the oil contract "a major hole in the geopolitical basket of Russia." Many observers believed that external forces supported the attempted coup that followed the signing of the "contract of the century" in September 1994. The leader of OPON, Rovshan Djavadov, attacked the prosecutor's office, while Aliyev skillfully used this coup against Husseynov, who was a patron of Djavadov. After being removed from Parliament and charged with treason, Husseynov fled to Russia. This was followed by the purge of his supporters in the foreign ministries and the government. The tactics that Aliyev used during the coup revealed his qualities as an experienced politician who, during the crisis, managed to attract the opposition and gain wide public support. In addition, he used the coup to eliminate his major rivals. This was an important test of the capacity of the new state to survive security challenges in the region and to pursue independent foreign policies. The reaction from the West, although limited, was immediate: at a public meeting on the day following the coup, the President was surrounded by foreign diplomats at the tribunal as a sign of support for his success. In March 1995, another coup attempt took place, and Aliyev got rid of the remaining military opposition. After that, twelve senior officials were fired.

The consolidation of Aliyev's rule was not just a result of intrigues and the skillful maneuvering that ousted potential rivals. It was also a consolidation based on traditional Soviet patronage politics that had been going on behind the scenes (Aves 1996). Each political crisis was used by the President to strengthen his power. The response to the internal and external threats was strengthening the patronage trends, which Aliyev, with his political background, relied on heavily, especially when it came to exploiting his country's rich natural resources. In a similar manner, he got rid of the other main rivals among the country's political elite, Rasul Guliyev and Hasan Hasanov. He systematically undermined their power base in the executive and legislative organs as well as in the regions.

This consolidation and centralization of power freed the President to design his foreign policy strategy and tactics, especially making concessions to Russia, according to his own vision. Aliyev shrewdly played the international power game by joining the CIS on the one hand, while rebuilding relationships with Turkey and the West on the other. Balancing the interests of the

regional as well as other world powers was, according to Aliyev, the main way of securing Azerbaijan's independence. By resisting Russian military presence in the Republic and signing the 1994 oil contract, Azerbaijani leadership provided the foundation for Western presence in the Caspian region and, thus, substantially contributed to the realization of the major projects in the region: TRASECA, the Great Silk Way, alternative pipelines, and GUAM.<sup>7</sup>

By the beginning of 1994, the entire Caucasus region except for Azerbaijan and Chechnya was contained within the sphere of Russian influence. Flank limitations agreements allowed Russia to increase quotas in Armenia and Georgia. The consolidation of an independent Azerbaijan state was reflected in their continual resistance to Russian military quotas and their position on the Caspian status. Azerbaijan's tough position on the Conventional Forces in Europe (CFE) Treaty was rewarded by the special amendment in the flank agreement made in Vienna, 1 June 1996, that prohibited Russian weapons on Azerbaijan territory and by the increased attention of the United States to Azerbaijan's security problems. In 1997, Aliyev was invited by President Clinton to visit the United States for the first time as President of Azerbaijan.

The distribution of oil resources in President Aliyev's oil policy followed three principles. First, it sought to connect countries and their interests in the region by having them participate in oil deals in order to make them interested in the resolution of the conflict and to tie their security concerns to the region. Second, it aimed at balancing the countries so that they would not become dependent on one particular country. Third, it wanted to transform the power balance in the peaceful resolution of the Karabakh conflict by using oil diplomacy. Connecting the interests of the outside powers to the oil development of Azerbaijan secured, at the same time, Aliyev's regime from internal and external threats, especially from Iran or Russia. The active promotion of the Baku-Jeyhan pipeline route for the export of Caspian resources was yet another tool of the leadership to strengthen Azerbaijan's independence and address the major security concerns regarding the pipeline that connects the two strategic partners in the region. Turkey—as a NATO member and a strong independent, secular and democratic state—was seen not only as the most reliable country for the transportation of the strategic resources, but also as a stable and counterbalancing factor against the possible domination and influence of Iran or post-imperial Russia. This is also an important political condition for the influence of the liberal democracies in the region.

The concentration of power in the presidential office helped Aliyev secure his oil policies from the opposition. The terms of, and the speed with which, the agreement on oil resources in the Caspian sector of Azerbaijan was made were subject to strong criticism by the opposition. There was additional criticism regarding the lack of accountability in the distribution of the oil income. Meanwhile, Russian military supplies to Armenia, the failure to resolve this conflict within the trilateral Russian-Azerbaijani-Armenian commission, and the inability of Russia to change its traditional policy in the region forced Azerbaijan to build alliances so as to counterbalance these shifts in power. This led, after 1997, to an intensified security dialogue among Azerbaijan, NATO, the United States, Israel, and Turkey and to a focus on strengthening the regional structure, GUAM: “Azerbaijan did not become a subject of the unilateral influence of the other powers. Thanks to the skillful and generally successful maneuvering between the regional powers, including in the oil issue, Baku managed to extend its possibilities for conducting independent policy” (Shorokhov: 40). The Azerbaijani leadership also used the fact that Russia was providing military supplies to Armenia to alert Turkey and NATO to Azerbaijani security concerns in the region.

The policies of the Azerbaijani leadership with regard to the Caspian region's legal status could be seen as another achievement. Azerbaijan developed oil resources independently from the

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<sup>7</sup> A regional organizational unity (Georgia, Ukraine, Azerbaijan, and Moldova) that became GUUAM when Uzbekistan joined later.

negotiation process, which consistently involved Russian oil companies. This strategy eventually prevailed over other points of view being imposed by the two regional powers, Russia and Iran.<sup>8</sup> Claiming their rights to the oil fields bordering the possible sector of Turkmenistan, Azerbaijan provoked Turkmenistan to claim property rights on this field, thus making it accept the principle of sectorial division of the Caspian Sea. In August 1997, the agreement on the development of the Kapaz (Sardar) oil field was signed between Lukoil and SOCAR (Russian and Azerbaijan oil companies, respectively) in Moscow. This left the Turkmenian party with a limited choice. Not only did the Turkmenian party have to claim its rights on this field; the contract made Russia and Turkmenistan clash with each other.

Another important indication of the effectiveness of Azerbaijani diplomacy was the intensification of the Minsk group of the OSCE in resolving the Armenian-Azerbaijani conflict. At the OSCE summit in Lisbon in 1997, thirty-two countries (except for Armenia) acknowledged the necessity of the conflict resolution based on the principle of territorial integrity and autonomy for Mountainous Karabakh for the first time. Oil diplomacy was an important tool for the President of Azerbaijan in attempting to lift sanctions against his government. (These sanctions were adopted in 1992 by the US under pressure from the Armenian lobby.) The activities of energy groups led, in 1998, to the formulation of the Silk Road Bill by Senator Sam Brownback. The Bill included an important provision that changed the language of Section 907 of the Freedom Support Act in favor of Azerbaijan, although it did not succeed in lifting the sanctions as a whole.

At the 50th anniversary of NATO, GUAM—under the chairmanship of Aliyev—was joined by Uzbekistan. This marked the strengthening of this alternative organization to the CIS and the growing independence of the new states. Naturally, consolidating control over strategic resources gave Aliyev freedom and enormous leverage in exercising his foreign policy. He controlled Parliament and its executive branch. Furthermore, he reduced the foreign policy decision making process to a small group of close advisors, which provided him relative flexibility in strategizing and maneuvering in international relations. According to the President's advisors, a centralized and semi-authoritarian regime creates stability, which is an important condition for the successful conduct of reforms. However, foreign policy success made at the expense of democratic development has a danger of eroding the legitimacy of power and thus may undermine the credibility of foreign policy decisions. The accountability of the ruling regime and equity in the distribution of resources remain crucial conditions for sustaining power legitimacy and future stability.

The issue of the main export pipeline also became a tool of political bargaining in relations with the regional powers. The President used the uncertainty left over from the issue of future transportation of “big” oil both to increase the stakes in bargaining with Russia, Iran, and Turkey, and to balance their interests in order to occasionally provoke and test the reaction of the major players. He would not declare Azerbaijan's preference for the pipeline until he had used it effectively in the bargaining process with interested countries, and until he got a more solid basis for such a decision. In doing so, he became increasingly confident in the growing international interests in regional security issues.

The importance of the “contract of the century” and the resistance of the Azerbaijan President to external and internal pressures is difficult to overestimate. The open policy of the Azerbaijani leadership regarding foreign oil companies' participation in the development of natural resources provided an economic basis for Azerbaijan's independence. But it also allowed the whole region to consolidate their economic and political independence, to create alternative alliances, and to build economic cooperation on a new basis: the basis of partnership. Given the importance of Azerbaijan from the point of view of natural resources, transportation routes, and human

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<sup>8</sup> Since 1994, there were nineteen oil PSAs signed by SOCAR and foreign oil companies.

potential, the strategies of Azerbaijan leadership made a key contribution to the trans-Eurasian projects and the reshaping of Eurasia.

## Conclusions

The post-Soviet transition in the Caucasus represented a series of challenges for the leaders of the three Republics. Their complex geopolitical environment, their distant location from Europe, the legacies of the pre-Soviet and Soviet past, the lack of experiences with independence, ethnic conflicts, and the multiplicity of policy objectives made the survival of the countries problematic. The foreign policy of the Caucasus states focusing on integration with the West is conditioned by the identity of the Caucasus peoples. This is reflected in a significant consensus in public opinion and major political forces on this issue.

Security challenges were the primary determination of the countries' foreign policy strategies. The institutional legacy of the Soviet regime and the threats which new states were facing in the post-Soviet period affected the institutions formed during this period. All three countries, like the rest of the FSU, preferred the presidential form of power, which became even more centralized under the influence of external and internal threats. This, in turn, helped the leaders to overcome external and internal challenges and made their foreign policy decision too heavily dependent on the nature of consolidating power, both on the domestic level and on the level of the personal characteristics and abilities of the particular leaders. In Armenia, nationalism and the war affected and strengthened the "force structures," and along with the weakened power of the President, contributed to the failure of the latter in the attempt to compromise its relations with its neighbors.

The strategies exercised by Armenian leaders led to the increasing role of Russia in the region. It promoted attempts to reconstruct the region based on the "imperial" pattern in Eurasia, while those of Aliyev and Shevardnadze contributed to the new shape of Eurasia. The conduct of foreign policy by the Caucasus leaders was dependent on their ability to identify leadership assets and consolidate power domestically through the use of these assets. In turn, the leaders' ability to use each country's advantage internationally helped them to strengthen their power domestically and to achieve stability. Internal and external threats created the tendency to centralize power, but the strategies the leaders resorted to are limited by their background: they fell back on the familiar practice of increasing patronage. On the one hand, centralized power makes foreign policy decision making more effective. On the other hand, the patronage system may undermine the legitimacy of the leaders and consequently the credibility of their foreign policy decisions. Flexibility and compromises require a high degree of legitimacy among leaders. The essential factor in reforming post-Soviet societies is their desire to integrate into the West. The Western institutions, while encouraging the Caucasus leaders to conduct independent foreign policy strategies, should not provide them with alternatives to building democracy.

Soviet political and bureaucratic practices promoted the development of pragmatic politicians who managed to successfully adjust to the complexities of the regional environment and who quickly became aware of the nature of international relations, such as Western *realpolitik* and the principles of realist behavior. The system produced, in short, leaders who possessed universal traits that define good politicians, regardless of their ideological origins and framework. Until now, paradoxically enough, certain aspects of the Soviet legacy (compared to other post-colonial countries) helped the Caucasus to survive. According to Charles King (1999: 28), "post-Soviet states faced trans-state crises that never confronted the Soviet Union. But the peculiar legacies of Soviet socialism may end up being a boon as well as a burden for the successor regime." In other words, the Caucasus inherited a number of imperfect civil and state institutions, but the very same system produced politicians capable of acting in the absence of these institutions.

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