

The Post-Cold War Security Dilemma In the Transcaucasus

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Introduction

With the demise of the Soviet Union, the newly emerging countries of the Transcaucasus and Caspian regions were the objects of growing interest from the major Western powers and the international business community, neither of which had had access to the region since the early nineteenth century. The world's greatest power, the United States, has never had a presence in this region, but it is now rapidly emerging as a major player in what is becoming a new classical balance of power game.

One of the main attractions of the region, which has generated unprecedented interest from the US, Western Europe, Turkey, Iran, China, Pakistan and others, is the potential of oil and gas reserves. While it was private Western interests that first brought the region into the sphere of interest of policy makers in Western capitals, commercial considerations have gradually been subordinated to political and geopolitical objectives. One of these objectives—not formally declared, but at least perceived as such in Moscow—amounts to containment of Russia: by helping these states protect their newly acquired independence (as it is perceived in Washington), the US can keep Russia from reasserting any "imperial" plans in the region.

Thus, the West is expanding its cooperation, including military cooperation, with these countries and advocating a new design of the oil and gas pipelines so that they will bypass Russian territory. It also supports newly emerging alliances between the Former Soviet Union (FSU) countries that are targeted against Russia.

For its part, Russia, weary from these developments in its “near abroad” and having taken the lessons of Kosovo very seriously, has launched a new series of diplomatic, military, and other initiatives to demonstrate to the West that it still has vital national security interests in this region, and that it intends to protect and promote them at any cost.

The complexity of security issues in the region is even more aggravated by the ethnic conflicts that have plagued the Transcaucasus (and the Caucasus in general) to a much higher degree than any other region in Eurasia. None of these conflicts have found a lasting solution; they are just frozen along cease-fire lines.

To add more complexity to the security mosaic of the region, one should note that historically, this is a land of struggle between the Tsarist, Ottoman and Persian Empires for dominance. With the end of the Cold War and Russian imperialism in the region, one now needs to ask whether history will repeat itself, but this time in a more complex environment—with the Transcaucasian states themselves being actors in international politics and the emergence of the US as the only world superpower.

The purpose of this paper is to look into these new factors that have emerged after the Cold War and to try to understand how they might impact the fragile stability of the Transcaucasus, and perhaps even the world beyond.

I will argue that the newly emerged countries of the Transcaucasus are hardly in a position to contribute constructively to the search for regional stability and security independent from major players, because their concepts of "national security" are still strongly influenced by the Soviet mentality and the not so benign history of relations with immediate neighbors.

I will then argue that Russia will continue to have significant leverage over political developments in Georgia, Armenia and Azerbaijan for the foreseeable future, and that the classical balance of power security arrangements are being gradually shaped in the region with obvious and not so obvious alliances. I will also argue that serious effort and continuous focus from all the major players in the region will be required, before some type of internationally guaranteed security arrangements in the region can be established.

I will also argue that until those arrangements are negotiated and agreed upon, the Transcaucasus presents the most serious threat to the stability of a region much larger than itself. In other words, if the realities and interests of the partners, especially of Russia, are not carefully taken into consideration, one cannot exclude the scenario that larger states might be drawn into a military confrontation between minor powers from opposing alignments.

Finally, I will argue that though the Transcaucasus is one of the most complex security regions in Eurasia, it provides a new opportunity after Kosovo for the betterment of

relations between great players, first and foremost the US and Russia. One result of this could be to bring about peace and prosperity to the region. In other words, the so-called inter-ethnic conflicts in the region could find lasting solution after a consensus on the security arrangements in the region are developed by the international community, first of all by the US and Russia, but not before.

I. Transcaucasus—Regional Security Background

Of the three newly independent Transcaucasian states, two, Armenia and Azerbaijan, are actually in a state of undeclared war. For its part, Georgia, the third newly independent state in the region, has maintained a conspicuous neutrality towards this war. The war between Armenia and Azerbaijan over the enclave of Nagorno-Karabakh (Armenians define this war as one of liberation for the rights of the Armenian minority in NK for self-determination) broke out in 1992 and led to a complete victory for the Armenians. However, though the Armenians won the war, as so often happens, they have not won the peace.¹ Negotiations under the auspices of the OSCE led nowhere and, due to the political crisis in Armenia since the October 27, 1999 shootings in the Armenian Parliament, they are now deadlocked.²

In the meantime, Azerbaijan's standing in world politics is on the rise. Therefore, strange as it may seem, there is no urgent desire on either side to find a political solution to the conflict. Both countries seem to believe that time is on their side: Armenians believe in their military superiority and rely on Russia should Azerbaijan decide to attack;³ Azerbaijan, on the other hand, hopes to build a strong military capability with its increasing oil revenues and then "obtain a military solution" to the conflict.⁴

The Armenian-Azerbaijani conflict has far-reaching consequences for the stability of the Caucasus region and beyond. The important fact in this regard is that the relations

between the two parties to the conflict (one might consider adding a third party, the NK Republic, which has been acting as de facto independent force since the beginning of the conflict) follow the rules of a zero-sum game. This fact has two important applications that make the impact of NK conflict on the stability and security of the region crucial.

First, in spite of an ongoing peace process within the framework of the OSCE,⁵ negotiations are deadlocked mostly due to the fact that the Armenians will not agree to anything short of independence for NK, while the Azerbaijanis will not compromise their territorial integrity.

The second fact has much to do with the sometimes oversimplified approach to the sources of the NK conflict, as if it were mostly driven by partisan and clan interests, or solely by the conflicting interests of external powers.⁶ These notions, represent what I consider dangerous misconceptions of the real sources of the conflict.

As S.J. Kaufman claims, the striking evidence in the Karabakh case is the relative unimportance of ethnic outbidding by elites on both sides.⁷ Since the nationalist ideology was widely understood and accepted especially on the Armenian side, neither a long period of time nor wide exposure in the media was required to persuade the Armenian people of the rightness of their cause in NK. Despite leaders' efforts to calm the situation, therefore, prejudice, fear, and extremist ideology, deeply rooted in the genocide of 1915, created interethnic security problems even in such "stable" countries as the Armenia and

Azerbaijan of 1988. Thus, this war was driven not by elite calculations or material interests, but by prejudice, fear, and hate. And while the issue of territorial integrity is at stake for the Azerbaijanis, the Armenians believe that what is at stake is the very issue of national survival.⁸

This is a very important aspect of the NK conflict. Its main implication is that it makes it impossible for the Caucasian states to act in concert against outside threats to the region; on the contrary, it presents the possibility for extraregional actors to gain a foothold in the Caucasus by lending support to either party, thereby altering the balance of power in the region. From the Armenian perspective, this means that official Yerevan is an asymmetric partner in the search for security arrangements in Transcaucasus vis-à-vis its two neighbors. This in turn makes Russia an indisputable party to any regional security arrangements.

If we then add the vastly increased Western interests in the region, as well as the entrance of Turkey and Iran into a race for influence (which I explore later), it is obvious that the Transcaucasus region has become a major source of political instability in the broader area, where the interests of regional and major powers clash.

II. Prospects For A New Balance Of Power—A View from the Countries of the Region

What about the countries of Transcaucasus themselves: can they independently come to an agreement to resolve their problems and act in a coordinated manner vis-à-vis outside forces? What can they contribute to the stability of the region (if anything) and the formation of the new balance of power?

While role of the unsettled NK problem and its destructive impact on regional stability has already been indicated, there are other, perhaps less crucial, but still significant factors of instability as well. First of all, none of these states, or "aspiring states" (Nagorno-Karabakh, Abkhazia etc.), are democratic: they all depend on "one man's health" for their "stability".⁹ Nor does it take much to generate instability and internal conflict in these states, the latest example being Armenia since October 27, 1999. However there have also been assassination attempts in Georgia and Azerbaijan.

Furthermore, of these three countries have successfully passed the test of smooth and constitutional transfer of power. If one takes into consideration the advanced ages of the Georgian and Azerbaijani presidents, one will have serious difficulties in predicting how things will develop in the region when a real transfer of power becomes unavoidable.

Secondly, the overall regional poverty, the lack of genuine economic reforms, the questionable capacity of the previous and incumbent governments to create the necessary environment for private initiative, and the absence of stable, long-term sources of income and development (in itself a product of political instability) are other sources of instability and unpredictability for the region.

Another source of instability is the notorious weakness of these governments, at least as far as effective control over the military is concerned. Armenian policy, for example, has been mostly determined by the war in Nagorno-Karabakh, and when the first president of the Republic of Armenia, L. Ter-Petrosian, introduced a new logic to the settlement of the NK conflict, he was forced out of office. Azerbaijan is itself a classic example of an oligarchy beset by constant coup attempts, while Georgia still has unresolved problems over multiple armed forces, and the country is plagued by interethnic conflicts.

The latest stage of the Chechnya war presents another major source of instability in the region, with the potential of expansion of this war beyond Chechnya.

And finally, this region is witnessing several hot, frozen, and hidden interethnic conflicts, which make security problems in the Transcaucasus even more complex.

Along with the serious internal sources of regional instability, the rise of the often conflicting interests of the Transcaucasus and the Caspian with external powers, mostly

Russia, the US, Turkey, Iran, China, and Pakistan, adds fuel to the volatile formation of the new balance of power in the region. The important aspect of this new phase of balance of power formation is the fact that it is taking place in the post-Cold War period in which there is no institutional framework that could make the process (at least to a certain extent) smoother, more predictable and controllable.

Beyond the Commonwealth of Independent States (CIS), the Transcaucasus has become the primary ground for the development of new regional alignments in the post-Cold War era. One could even argue with a certain restraint that what is happening in the region could be characterized as the “subtle emergence of two opposing groups.” But it is important to stress that the relationship within these groups, as well as between them, is still fluid and in its early stages: there might sometimes be shared interests and even interdependence on certain issues among states from the opposing groups.

The two groups of states are developing roughly along pro-Western and pro-Russian lines. The new balance of power is thus being developed in the region under almost no checks and balances, either from within the region, or from external players.

What is at stake? This depends on a number of factors, but the issues include access to resources of oil and gas; the opportunity to project influence on to a geostrategically important area of the world; the need to survive in the newly emerged tough competitive environment; and the need regain control.

To what degree are these new factors important for new and old players to declare this region of their vital to their national interests?

The first argument portrays this region as a strategic crossroad. This is an attempt to revive the past importance of the Caucasus and Central Asia as the Silk Road—the trade route between China, Middle East, and Europe. But as A. Lieven observes, that state of affairs disappeared at the end of the fifteenth century with the European opening of the sea route to Asia around Africa, and later via the Suez Canal. It will never return as a factor of global importance, given the capacity of modern shipping, as well as the enormous distances, appalling roads, and high insecurity of the land route. As far as the countries of the Transcaspian themselves are concerned, they have never been a place that has economically claimed the world's special attention.¹⁰

The second argument deals with oil and gas reserves that are often described as some of the largest in the world. In fact, early expectations that Transcaspian oil could become an alternative to Persian Gulf supplies are not supported either by the region's known reserve potential, or by the realities of the global energy market. The latest assessment of the Caspian oil reserves has been reduced to 2% of the world's proven oil reserves. Moreover, over the next ten to fifteen years, Caspian basin development may even not achieve that output potential, because of complex technical, economic, logistical, geopolitical, and social obstacles.

The third argument states that oil and gas development and the re-establishment of the Silk Road would bring stability, democracy, and prosperity to this region. It may sound ironic, but the fact of the matter is that the US does not want unpredictable and chaotic changes in the region to expand its influence there, even for the sake of "democratic and market reforms." The important issues here are stability and predictability, not change per se. The US cannot sincerely pursue a goal of constructing stable and prosperous democracies in a remote and unfamiliar region with "traditions of profound poverty, endless tribal and ethnic warring, and corrupt dictatorships."¹¹

Therefore, as these are not the most important factors to shape the regional and major powers' interests in the area, what then are they?

III. The Pursuit of Power Projection by Major External Players

If the US regional engagement was at first mostly about geoeconomic rivalry, commercial considerations have now been subsumed by geopolitical objectives. The intensifying struggle over Transcaspian energy sources and pipelines to get the region's oil and gas to the Western markets reveals much more "bare-knuckled and traditional rivalry" than a mere competition for economic preference.¹² For Russia, the United States, Turkey, Iran, China, and the Transcaucasian and Central Asian states, control of these energy sources and pipelines has come to mean leverage over the entire region. Politics, not economics, will dominate future decisions about pipelines and major investment projects.

The United States and the Balance of Power in the Region

As Stephen Sestanovich, Ambassador at Large and Special Adviser to the Secretary of State acknowledges, US policy in the region does not begin from assessment of its economic interests, but from a strategic standpoint. And Sestanovich is not alone in emphasizing the strategic motivation of US policy and US vital national interests in the Transcaspian region.¹³

This means that the growing involvement of the US in this region (including growing cooperation in the military affairs) is geopolitical: it aims to enhance US influence against that of contenders, first of all Russia's. In other words, the US policy objective in

the Transcaspian region is to integrate the region into the Western world and to exclude Russia from the region. Though this aim coincides with the quest for energy, the former dominates the latter. Washington is firmly suggesting that the complex of future oil and gas pipelines in the Caucasus and the Caspian include some (i.e., the major ones) that will bypass Russian territory and terminate in Turkey, Russia's historic rival in the region. As P. Starobin argues, for the US "there are three allures to the new Caspian Great Game: profits surely, but also power and ideals."¹⁴

This is an ambitious and risky endeavor, but in real life and day-to-day diplomacy, US policy in the region presents a lot of confusion. The first question to pose is what determines US interests in that part of the world as vital. Is it a pure geopolitical math of Cold War times, supported by highly inflated estimates of energy resources? The next question is, would the US Congress be willing to allocate financial and if needed military (including US troops) resources to protect and enhance these "vital interests." A corollary to this is, which countries of the region might the US consider natural allies in which it is ready to invest adequate efforts and resources, and which possess the capacity to mobilize those efforts and resources to make US policy objectives real?

A good illustration of how US policy works in the region is its policy in favor of the Baku-Ceyhan pipeline. The approach is about as simple as this:

- The US is supporting the sovereign states in the Transcaspian region by protecting them against Russia.

- The leaders and peoples of the Caucasus and Central Asia presumably see Russia as the main threat to their independence.
- The other geopolitical actors in the region are Turkey and Iran—one a US ally and the other a foe. The US can support Turkey morally by encouraging its ambitions in the Caucasus and Central Asia; the US can isolate Iran by keeping it out of the pipeline agreements.
- Baku-Ceyhan has thus emerged as the perfect geopolitical tool for the success of all key aspects of US policy in the region¹⁵.

But here again there are more questions than answers. First of all, the underlying premise that the pipeline routes will determine the region's geopolitical orientation is not the only possible option. Iran after the Islamic Revolution is good example of how unpredictable the loyalties in the region could be, regardless of invested moral and material efforts.

Secondly, Baku-Ceyhan is not at present considered commercially viable.¹⁶ As a result of US policy, Turkey is therefore committing itself to a project that has serious financial risks, while Azerbaijan is being encouraged to put political interests ahead of economic concerns.

A. Richter addresses the potential for misunderstanding that US activism in the Transcaspian is creating, both with respect to the states of the region as well as Russia, Iran, and China. According to Richter, by entering into military cooperation with the

countries of the region, the US, together with NATO, has encouraged an unrealistic belief among those in the region that the West has committed itself to play an ever-greater role in the security issues of the Transcaucasus and Caspian.

As Richter emphasizes, the dangers of this nascent military-to-military cooperation, include encouraging authoritarian regimes to feel that since the West needs them for their energy, security and cooperation, they therefore have a free hand in dealing with their societies as they like. The US will also encourage strongman states to behave in an antagonistic and premature manner towards the regional and historic powers. Rather than creating greater stability, therefore, US policy has the potential to create greater instability, because it is contributing to a growing polarization of regional policies, narrowing in particular the chances for a compromise between Armenia and Azerbaijan.

What, therefore, are the objectives of US policy in the region? On the level of implementation the declared component of supporting the independence of the states in Transcaucasus and Central Asia is equal to supporting them diplomatically against Russia. Thus, US policy (as declared) cannot help but be in conflict with Russian policy objectives in the region. And though this paper is about the consequences of the US and nation's policies for the countries of the region, rather than for the US itself, it is interesting to quote former Secretary of State William P. Rogers, who wrote that "America's policy in the region enhances the inborn suspicions that the Russians have of

our geopolitical interests in that part of the world, and thus costs us a lot of other interest we have in Russia, including arms talks, trade, implementation of economic reforms."¹⁷

Three important questions, therefore, do not find their answers within current US policy in the region. First, is supporting the independence of the Transcaucasian states at the expense of good relations with Russia absolutely important to enhancing US geopolitical interests in the region? Second (provided the answer to the first is positive), are the US government, US Congress, and American people ready to pay the necessary price of implementing that policy? Third, the most important one, will this policy lead to more stability in the region? But perhaps stability in the region is not high on the list of the US policy objectives. Then, is the residual component of that policy (which by default turns out to be one of the most important objectives), therefore, to drive Russia out of the region?

Of course, US officials would solemnly declare that their policy objective is not to exclude Russia (and thus divide the Transcaspian into rival spheres of influence); instead, they would insist on a “win-win” solution for every party.

But Russia seems not to share this notion of a win-win policy, taking into account the way the US policy design is actually being implemented in the region. The reaction of official Moscow to Secretary of State M. Albright’s April 2000 visit to Central Asia is another proof of that disbelief. The prevailing Russian government mentality with regards

to Transcaucasus, which is of zero-sum *realpolitik*s, suggests either US domination over Russia or Transcaspian subordination to Russia.¹⁸

Secondly, “excessive” US and NATO military cooperation (including military maneuvers and exercises) are viewed by Moscow as constituting direct threats to Russia, for they may be the springboards for surprise military operations against it.¹⁹

However, even if one admits that the US strategic objective in Transcaucasus and Central Asia is to neutralize or isolate Russia in the region (or, for the sake of political correctness, to prevent Russia from obtaining a monopoly over the local energy supply), the way the US pursues this strategic objective could be termed “disingenuous” and “ambivalent,” as there is a major gap between its expansive geopolitical objectives in the region and the limited means allocated (or that are reasonable to allocate) to achieve these objectives.

It is perhaps interesting to note that US policy in the Transcaspian is being designed by an elite cadre of insiders: oil-and-gas-industry executives and their Washington lobbyists; a few key Administration officials; a handful of members and aides on Capitol Hill; planners at NATO headquarters in Brussels; and well-connected strategists in Washington's foreign policy community, some of whom work either as consultants to oil companies or to Caspian countries. This could be one of the reasons why the whole US policy in the region is presented to the media as solely an energy issue.

Whoever the chief architect is, US policy in the region leaves it with the following "achievements":

- It further deteriorates US-Russian relations, giving the latter more evidence not to trust the West as a partner.
- It encourages a more assertive Russian policy with regards to countries from the “opposite block,” resorting to Cold War-style coercive tools in its policy.
- It postpones the possibility of finding a sustainable political solution to the conflict in Nagorno-Karabagh and, to a certain degree, other regional conflicts, until a more stable balance of power is achieved in the region.
- It generates more polarization along the lines dividing pro-Moscow and pro-West countries, thus fueling regional instability.
- It inflates unsubstantiated hopes in the region of a more significant US military involvement, especially in light of the Kosovo intervention.
- It creates a dangerously fluid balance of power, pregnant with potentially more conflicts, including the possibility of a confrontation between nuclear Russia and militarily powerful Turkey.²⁰

Turkey and the Formation of the New Balance of Power

Aspirations to gain and use influence over the Transcaucasus and Caspian regions in order to play a major, or at least a greater role in world politics have also driven Turkish policies since the early 1990s, even though Turkey's aims are now considerably more modest.

Turkey could be considered a key element in every balance-of-power competition in the Transcaspian region, though its real influence on the balance of power is currently limited. The most important reasons for this ceiling on the Turkey's potential influence is the legacy of the Ottoman Empire; Turkish-Russian relations; and, most particularly, Turkey's continued denial of the genocide of Armenians at the beginning of the twentieth century.²¹ In fact, the roots of the NK conflict can be found in the volatile history of Turkish-Armenian relations.

Unlike many other members of the Western alliance, Turkey has not emerged from the Cold War with a sense of enhanced security. In 1993, Turkey's then-foreign minister, H. Cetin, stated that "Turkey found itself in the neighborhood of the most unstable, uncertain, and unpredictable region of the world...It is possible for the conflicts in this region to spread...to Turkey."²²

Turkey shares a centuries-long history of rivalry and conflict with Russia, and there is little evidence that this history has come to an end. Under new agreements with Georgia

and Armenia, Russian troops are now stationed in two out of the three Transcaucasian countries bordering Turkey. Internal and external pressures in Azerbaijan in June 1993 forced the conspicuously pro-Turkish government of President Ebulfez Elchibey out of power. More significantly, after Turkey's President Ozal threatened in May 1992 to send troops to Nachichevan following reports of Armenian advancements in NK, the commander-in-chief of the CIS armed forces warned that "Third party intervention in the dispute could trigger a Third World War."²³ Therefore, Ankara had to stand by while the Armenians defeated the Azerbaijanis.

Geopolitical rivalry between Turkey and Russia is accompanied by competition for the region's riches and over the issue of the pipelines. Many Russian analysts and officials believe that Turkish ambitions in Azerbaijan and Central Asia reflect a broader foreign policy concept of undermining Moscow's influence along its southern periphery. Russian suspicions intensified after alleged evidence of Turkish support to Chechnya, and Ankara's continued efforts to create a pan-Turkey solidarity throughout the Turkic speaking nations in the region.

One other important element of the Turkish potential influence on the balance of powers in the region is how the Turkish-Azeri axis is viewed from Teheran, which considers the rise of pan-Turkism in Azerbaijan as a threat to its existence as a state.²⁴

Though Turkey has limited possibilities for contributing positively to stability in the region, as was indicated above, it could trigger a major conflict in the region and beyond, should Ankara for some reasons change its generally constrained policy with regards to the NK conflict and Armenia and Azerbaijan. And though there are ample factors that favor the ongoing constraints in Ankara's policy in the region, they might not prevent Turkey from eventually being dragged into the conflict. In fact, the new Russian-Armenian and Azeri-Turkish military treaties suggest just such a possibility,²⁵ for if a new conflict erupts between Armenia and Azerbaijan, the two larger states could conceivably be dragged into rescuing their allies.

One should also note that the Russian-Armenian treaty is virtually a bilateral military alliance,²⁶ which could justify some sort of military activity in the region. Furthermore, other temptations for military activity might arise when the leadership in any of these countries changes, or should a minority group revolts.

Taking into account the high level of polarization already existing in the region, these latent conflicts have a great potential for unintended escalation. One should also take into account the fact that Turkey, though a postimperial state, is still in the process of redefining its identity. The internal intellectual and political struggle, intensified after the 1999 Helsinki European Union Summit decision to consider the country as a candidate for membership in the EU, is being pulled in mainly three directions: the modernists, advocating Westernization and membership in the European Union; the Islamists, who

lean in the direction of the Middle East and Muslim community (i.e., look to the south); and the historically minded nationalists, advocates of pan-Turkism, who see in the Turkish people of the Transcaspian a new mission for re-establishment of Turkey as a dominant regional power (i.e., they look eastward).

As Z. Brzezinski observes, for the first time since the Kemalist revolution, the internal struggle between these three perspectives introduces a measure of uncertainty regarding Turkey's regional role.²⁷ These developments might even deteriorate should the Kurds, trying to take advantage of any internal tension within Turkey regarding the country's future identity, choose to press for a separate national status even more violently. This leaves the Caucasus as the most dangerous region in the Former Soviet Union (FSU), with the potential for a major war.

Iran and the Formation of a New Balance of Power

With the end of the Cold War, one expected that Iran, along with Turkey, would enter into competition for influence in the Caucasus and the Central Asia. To a large extent this has become a reality, though Iran has proved to be more pragmatic, cautious, and less visible in what could be described as a very active diplomatic gambling in the region. So far, Iran could be characterized as the only middle power in the region that plays a positive role with regards to the stability in the Transcaspian. On the other hand, there is a

circumstance that complicates Iranian relations with Azerbaijan, which makes it difficult to predict Tehran's role in the long run (I will address this shortly).

The second issue, which is a characteristic of the Iran-Russia relationship today, is the fact that US-led worldwide anti-Iranian policy made Russia a close partner of Iran's in Transcaspian regional cooperation. And though some analysts believe that this will change with the warming up of US-Iran relations, one could argue that Teheran has many other objective reasons for supporting Russia and preventing rapid economic development in the region.²⁸

Of these two factors, the first is of greater importance, and it boils down to Iran's vulnerability to ethnic tensions. Of the country's 65 million people, only about 50% are Persians. Roughly one-fourth are Azeri, while the remainder include Kurds, Baluchis, Turkmen, Arabs, and others. Outside of the Kurds and the Azeris, the other ethnic groups do not have the capacity to threaten Iran's national integrity—which is the main reason why Iran has had an ambivalent and seemingly illogical policy towards the conflict in Nagorno-Karabakh and, particularly, towards Azerbaijan.

As S. Cornell states, the leaders of the Islamic Republic consider the emergence of an independent Azerbaijan as a long-term threat to Iranian society. What they fear is not an immediate upheaval of the Azeri population in solidarity with their brethren. The Azeris in Iran are quite well integrated into Iranian society: they have comparatively weak Azeri

identity, and feel themselves to be as much Iranians as Azeris. In fact there are even Azeri movements in south Azerbaijan that advocate for the integration of the Azerbaijani Republic into Iran. The actual threat is that, should Iran's economic conditions and social cohesion deteriorate, the national identity of the Azeri minority in northern Iran would grow in proportion to popular dissatisfaction with Teheran's policies. If, in addition, Azerbaijan succeeded in stable political and economic development, the Iranian Azeris would probably become increasingly committed to the idea of a greater Azerbaijan. This has caused E. Herzig to note that the "Karabakh war has been the most direct threat to Iran's national security, emanating from the North since the 1940s."²⁹

Summing up, one may argue that in the foreseeable future Iran will play a stabilizing role in the region; or, on a more conservative note, at least not a destabilizing role. Teheran's policies in the Transcaucasus may be characterized as more reactive than proactive. Even the emergence of the much publicized new regional alignment between Russia, Armenia, and Iran constitutes Teheran's reaction to the *realpolitik* approach demonstrated by other principle actors in the region, mostly the US and Turkey. But parallel to this, Iran maintains close relations with other countries in the region, both on the bilateral level and within multinational institutions.

Finally, it should also be pointed out that the importance of Iran's role in the region is yet to emerge, because its territory presents the most commercially feasible opportunities for the construction of pipelines to deliver oil and gas from the region to the world markets.

IV. Russia—A Key Player in the Formation of the Transcaucasus Balance of Power

Ten years after the Cold War, the dynamic equilibrium of the balance of power in Transcaucasus is still shaky, with some analysts claiming that Russia is trying to reassert its hegemony there. And though Russia claims to be a source of wealth and a provider of security, many in the West suggest that it is the source of all geopolitical evil.³⁰

One can hardly question the fact that Russian strategic interests in the Caucasus remain greater than anywhere else in the former Soviet Union, apart from Ukraine: it is too close to one of the most unstable parts of the Russian territory, the Northern Caucasus, where there are great threats of ethnic and Islamic revolt. This is where Russia clashes directly with the growing influence and presence of the US, and where there is the potential for the expansion of Turkey's influence.

But Russia's economic interests in the Caucasus and the Transcaspian are no less vital to its survival. Energy revenues from oil and gas sales are crucial to every state in this region, including Russia. This means that their stability depends on a continuing flow of energy revenues. Stephen Blank calls this phenomenon a "Nigeria conundrum": a lasting structural fault that will not disappear anytime soon, even with foreign investment.³¹

As one of the world's leading exporters of oil and gas, Russia cannot ignore the emergence of major new producers of hydrocarbons, who are sure to cause dramatic changes in the world market. In order to protect its vital interests, Russia might not hesitate to resort to any and all means to control or even take over the Transcaspian energy economy, which would be equal to waging economic warfare. This makes sense for Russia, as long as its main source of foreign exchange derives from energy exports. And the important fact here is that Russia still has enough resources and leverage to threaten and do great harm to these countries. In the meantime it lacks resources to provide investment, know-how, and trade with these countries.

Of course as was stated above, Russia has vital strategic interests in the Caucasus as well, which makes it difficult for Moscow to pursue a purely economic policy. The prevailing thinking in Russia about the Caucasus remains that of zero-sum games and classical geopolitics, while its policy objectives are based on the strong intellectual and cultural belief that reintegration of the Caucasus and Central Asia around Moscow is objectively necessary for all parties. As Nikolai Sokov states "liberal thinking is alien to Russian elite mentality."³²

In fact, the prevailing line in Moscow is that without such reintegration, neither Russia nor the countries of the CIS can be internally or externally stable. Russians have a deep mistrust of the West's ambitions in the periphery of the former USSR. This is well illustrated by scholar Sergo Mikoyan, who points out that "the tensions in the US-Russian

relations today stem largely from the inability, or refusal, of US policy-makers to respect the proper limits of US power and unwillingness to understand and respect Russia's legitimate national interests on the Eurasian continent.³³

In the preceding chapter of this paper I wrote that ambivalence and ambiguity are the major characteristics of US policy in the Transcaucasus, and it is precisely because of these characteristics that officials in Moscow have the right to believe that anti-Russianism is the premise of US policy in Eurasia.

Nor have the past ten years in the US-Russian relationship brought much evidence to prove the opposite. NATO's air campaign against Yugoslavia precipitated the most dangerous turn in Russian-Western relations since the 1980s,³⁴ while Russia's hopes of integration with the West, as well as its eagerness to see a new security architecture in Europe to replace NATO, were shattered after Kosovo.

These notions found their reflection in the new Russian National Security Concept, which entered into a force in January 2000. Interestingly, it opens with the observation that under the guise of multilateralism, there is a strengthening of the position of certain Western countries to dominate international politics through American leadership. As scholar Celeste Wallander observes, the new Security Concept, in contrast to that of 1997, characterizes the main tendency of the international security environment as one of attempts to establish a unipolar world. While identifying threats to its security, the major

Russian concern is that through its unilateral approaches and use of the instrument of NATO, the US might intervene in the Caucasus.³⁵ This is a dramatic change from the 1997 concept.

Many influential politicians in Russia consider the decrease of Moscow's influence in the Transcaucasus and Caspian as another attempt by the West to eventually isolate the Russian Federation within its borders. If successful, they claim that it would be the beginning of the fragmentation of Russia and the source of a dangerously unstable balance of power in the whole of Eurasia.

Thus, this perception of Western policy vis-à-vis Russia further deepens mistrust and creates new suspicions in Moscow of the US and its allies' activities in the Caucasus and Transcaspian.

Following this, if Russian policy objectives are to prevent the expansion of American influence in the region, what are the policy instruments that Russia possesses? As has already been mentioned, they are mostly destructive rather than constructive instruments. S. Blank mentions a dozen of them, beginning with monopolist's efforts to shut out competitors by blocking shipment of oil and gas, and ending with an attempt to create a legal regime for the Caspian Sea, where littoral states will have a veto on all drilling operations there.³⁶

One should also notice, however, that there are new tendencies in how Russia is projecting its power in the Caucasus. Its power now increasingly rests on local allies, rather than on its own crumbling strength. Good examples of these new tendencies are the steadily growing and developing Russian-Armenian relations. Yerevan welcomed the continuing presence of Russian troops on its territory as security against any future Turkish intervention. Armenia also renewed its agreement with Moscow on Russia's military bases, providing them with a status according to the standards of international law. An accord on cooperation and friendship between Moscow and Yerevan further strengthened their bilateral relations, and economic cooperation and trade have gradually shown signs of revitalization. One should also note that, unlike many other aspects of Armenia's foreign and domestic policy, this tilt to Moscow enjoys almost unanimous support from all its political groups.

Armenia is not the only example of the new type of Russian power projection in the region. The very "unwelcome" Russian presence in Georgia (from the Georgian point of view), stems from the Russian interest for influence, and to prevent the US presence there. But it serves an additional purpose as well—providing lines of communication to the Russian forces in Armenia. One could also note that if Russian forces leave their bases in Akhalkalaki (the Armenian populated area in Georgia), they could leave behind heavily armed local militia—a new potential source of conflict in Georgia.

As previously mentioned, another example of a new type of Russian power projection in the region is that the US-led worldwide anti-Iranian policy has made Russia a close partner with Iran in regional cooperation.

In addition, there is another host of factors that makes Russia a welcome partner for even the most anti-Russian countries of the region. Almost all of the FSU states, particularly in the Transcaspian, have their hotspots: separatist movements, threats of terrorism, attempts to redraw borders, drug trafficking, arms smuggling, organized crime groups etc. As V. Mukhin writes, " It's hard to say what part Moscow has played in forming these hotspots. But what is clear is that events in the post-Soviet period—assassination attempts against Haidar Aliev, Eduard Shevardnadze and Islam Karimov; separatist organizations in eastern Kazakstan, in the Crimea and Tadjikistan; Wahhabite groups in Central Asia and the North Caucasus; and conflicts in Trans-Dniestr, Abkhazia, Nagorno Karabakh and Chechnya—all make a common security system a priority for the former Soviet republics."³⁷ That is perhaps the reason that, at the Commonwealth of Independent States Summit held in Moscow in January 2000, acting President Putin's proposals on setting up a unified anti-terrorism center were all voted through almost unanimously.

Finally, there is a widely shared perception in the FSU states of the failure of the "Washington Consensus" economic reform programs, and that pure Western-style democratic and economic reforms are not working in the newly emerging countries. This points out the need for a "third way" (the Chinese model of economic development first,

political change later, is being highly advocated as one possibility), which makes the partnership between FSU countries and Russia more natural and even desirable.

Conclusions

US Secretary of Energy Bill Richardson claimed in 1998 that "The Caspian region will hopefully save us from total dependence on Middle East oil."³⁸ But the Transcaspian region has in fact obscured the real vital US national security interests in the former Soviet Union. I have tried to question in this paper the notion that the Caucasus and Central Asia are a source of a long-term energy security in the West that could also give the West geopolitical advantages against Russia, China and Iran. Many analysts in the Western countries believe that this notion is wrongheaded, constructed by the oil industry and policy planners and analysts who have no other intellectual instrument than the Cold War methodology. It is a false policy that could cost the US citizens dearly, if US and NATO were to become involved in open-ended and unresolvable security problems in the Transcaspian—a scenario that cannot be excluded.

However, this paper is not really about the fact that the US policy of isolating Russia is counterproductive to US interests. I leave that to American analysts. The problem is that the countries and peoples of the Transcaucasus and Caspian would pay the price for this poor geopolitical math, and in essence are already paying for it.

The nature of the security dilemma in the Transcaucasus boils down to the following: Russia's interests in this region are vital and natural; and though it lacks resources and creativity in new approaches to the region's problems, Moscow is nevertheless sure to

pursue its policy of "reintegration" of the southern periphery into its world, and to do it decisively, because the very foundations of the Russian state are perceived to be at stake.

Furthermore, the disproportions between Russia and the smaller states of the region mean that no natural equilibrium is possible there, though this does not mean that Russia will achieve its goals. Rather, what it means is that in order to achieve a natural equilibrium of sustainable stability, there must be a third major force, a partner, to lend its power to protect smaller states, and to make Russia an honest and responsible player in this game. The US and only the US could be that third force. This is possible, however, only if it completely re-evaluates its unconstructive and shortsighted anti-Russian policy on the one side, and changes its uncommitted and indecisive policy vis-à-vis the countries of the region on the other, verbal assurances notwithstanding.

Unless this happens, current US policy will most probably further undermine the already unstable balance of power in the region, which could in turn deepen old ethnic conflicts and inflame new ones, further aggravate relations between Russia and Turkey, and indefinitely postpone genuine political and economic transformation in the region, thus increasing poverty, human suffering and mass migration.

I should also add that the re-evaluation of US policy in the Caucasus and the Caspian could not only create a solid foundation for the settlement and resolution of the regional

conflicts, but could also bring a new chance for the improvement of US-Russia relations, after their failure in Europe.

Notes

¹ The challenges of negotiated settlement after the war is over are extensively elaborated in Fred Charles Ikle's *Every War Must End*, Columbia University Press, NY 1991

² For more on this incident see, for example, *Armenian International Magazine*, June 2000

³ "NKR Foreign Minister Sees Settlement as Regional Problem," *Yerevan Snark*, in Russian, 1015 GMT 24 February, 2000

⁴ S. Neil MacFarbane and Larry Minear, "Humanitarian Action and Politics: the Case of Nagorno-Karabakh," T.J. Watson Institute for International Studies, *Occasional Paper No. 25*, Providence, R I., 1997

⁵ Edward Walker, "No Peace, No War in the Caucasus: Secessionist Conflicts in Chechnya, Abkhazia and Nagorno-Karabakh." *CSIA Occasional Paper*, SDI, February 1998

⁶ A retired senior government official of Azerbaijan made such remarks in the presence of the author at Harvard University in 2000

⁷ Stuart J. Kaufman, "Ethnic Fears and Ethnic War in Karabagh," *Program on New Approaches to Russian Security*, Working Paper Series No. 8, University of Kentucky.

⁸ For more about the history of the NK problem, see Richard G. Hovannisian, *The Republic of Armenia*, Berkeley, University of California Press, 1996

⁹ Stephen Blank, "Every Shark East of Suez: Great Power Interests, Policies and Tactics in the Transcaspian Energy Wars," *Central Asian Survey*, June 1999

¹⁰ Anatol Lieven, "The (Not So) Great Game," *The National Interest*, Washington, Winter; 1999/2000

¹¹ Paul Starobin, "The New Great Game," *National Journal*; Washington, March 13, 1999

¹² See note 9

¹³ Evgeny G. Nikitenko, "Russia's Role, Allies and Threats in the New Eurasian World," *Defense and Foreign Affairs Strategic Policy*; Alexandria, VA, June 1998

¹⁴ See note 12

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- ¹⁵ See “Succession and Long-term Stability in the Caspian Region,” *Caspian Studies Program Experts Conference Report*, Harvard University, John F. Kennedy School of Government, October 1999
- ¹⁶ Martha Brill Olcott, “The Caspian’s False Promise,” *Foreign Policy*; Washington; Summer 1998
- ¹⁷ See note 11
- ¹⁸ Nikolai Sokov, “A New Cold War? Reflections of a Russian Diplomat,” *International Journal*, XLIX, No.4, Autumn 1994
- ¹⁹ FBIS UMA, September, 16 1997
- ²⁰ Svante E. Cornell, “Turkey and the Conflict in Nagorno-Karabakh: A Delicate Balance,” *Middle Eastern Studies*; London; January 1998
- ²¹ For more details about the first genocide of the twentieth century see, www.armenian-genocide.org
- ²² Malic Mufti, “Daring and Caution in Turkish Foreign Policy,” *The Middle East Journal*; Washington; Winter 1998
- ²³ Ibid.
- ²⁴ John Calabrese, “Turkey and Iran: Limits of a Stable Relationship,” *British Journal of Middle Eastern Studies*; Exeter; May 1998
- ²⁵ See note 18
- ²⁶ See S. Blank, “Turkey’s Strategic Emplacement,” Strategic Studies Institute, US Army War College, Carlisle Barracks, PA, 1998, p 55-87
- ²⁷ Z. Brzezinski, “The Grand Chessboard,” Basic Books; New York, 1997, p 134
- ²⁸ Svante E. Cornell, “Iran and the Caucasus,” *Middle East Policy*; Washington, DC; January 1998
- ²⁹ Ibid.
- ³⁰ Henry E. Hale, “Independence and Integration in the Caspian Basin,” *SAIS Review*, Winter-Spring 1999, Volume XIX, No.1

³¹ See note 9

³² Ibid.

³³ Sergo A. Mikoyan, "Russia, the US, and Regional Conflict in Eurasia," *Survival*; London; Autumn 1998

³⁴ Oksana Antonenko, "Russia, NATO and European Security after Kosovo," *Survival*; London; Winter 1999/2000

³⁵ Celeste Wallander, "The Dynamics of US-Russian Relations: A Critical Perspective," *Program on New Approaches to Russian Security Policy Memo Series*, No. 111, March 2000

³⁶ See note 9

³⁷ Vladimir Mukhin, "Is Military Union on the CIS Horizon?," *The Russia Journal*, February 4, 2000

³⁸ Amy Myers Jaffe, Robert A. Manning; "The Myth of the Caspian 'Great' Game": The Real Geopolitics of Energy," *Survival*; London; Winter 1998/1999