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THE CAUCASIAN CONUNDRUM AND THE GEOPOLITICS OF CONFLICT

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Among the many trouble-spots on the Eurasian continent, the Caucasus stands out as being the perhaps most intricate and complicated zone of conflict. Whereas in terms of human suffering the Caucasus is bypassed by areas such as the Balkans, not to mention Afghanistan, the situation in the Caucasus presents a considerably higher level of complexity, for several reasons. A first factor is that as many as five distinct armed conflicts have taken place in the region in the last ten years; moreover, contrary to the Balkan situation where most conflicts have found some type of solution, none of the Caucasian conflicts seem to be approaching a lasting solution. Quite to the contrary, tensions are on the rise in several parts of the region that have not yet been the scene of violent conflict. Furthermore, the Caucasian conundrum is complicated by external factors. In fact, the Caucasus has developed into a major scene of international rivalry in the post-cold war era. The region finds its importance partially in its crucial geographic location, squeezed as it is between three regional powers, Turkey, Iran and Russia; but also due to the hydrocarbon resources of the Caspian sea area. These two inter-related items of international attention, far from contributing to a solution to the various conflicts of the region, have served to complicate conflict resolution. The conflicts have become a part of the geopolitical 'game' being played in the Caucasus and Central Asia; likewise, the geopolitical alignments have become a major determinant of the developments of the conflicts.

THE ROOTS OF CONFLICT

The roots of the major conflicts that have plagued the Caucasus since the late 1980s (the Armenian-Azerbaijani conflict over Nagorno-Karabakh, the Georgian-Abkhaz conflict, the Georgian-South Ossetian conflict, and the Russian-Chechen conflict) can to an important degree be ascribed to what might be termed the 'Soviet Legacy'. The perhaps main component of this legacy is the Soviet view of ethnicity and the thereto connected territorial structure it left behind. The Soviet Union was an asymmetric federation of ethnically defined territories. Its

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primary component units were the 15 union republics, conceived of in theory as independent states with a right to secede from the union. Under their jurisdiction were an additional thirty autonomous republics and provinces (*Oblasty*) with lower levels of nominal self-rule. Despite the fact that these autonomies were never, for practical purposes, politically autonomous, the very institution of ethnic federalism was significant for the ethnic mobilization that occurred during the union's dissolution. The autonomous regions were constructed as quasi-states, with legislative, executive and judiciary organs; clearly demarcated borders; mass media controlled by the government; and control over education, particularly school curricula. All these factors served to strengthen the group identity of the autonomous minorities. Moreover, the institutions and symbols of autonomy were useful tools for political entrepreneurs planning secessionist movements. They needed not establish themselves as political leaders through deeds; instead, their political position granted them a certain legitimacy and freedom of action to further their political goals. The case of the South Caucasus is illustrative: there were in Soviet times nine compactly settled minorities, four of which were autonomous: Nagorno-Karabakh Armenians in Azerbaijan; Ossetians, Ajars and Abkhaz in Georgia. Azeris in Armenia; Azeris and Armenians in Georgia; and Talysh and Lezgins in Azerbaijan enjoyed no autonomy. Conflict broke out between central governments and three of four autonomous minorities; but in no case of non-autonomous minorities. A closer study of the dynamics of conflict shows with all clarity the role of autonomy institutions in the escalation of conflict.[1]

To this must be added the absence in the former Soviet Union of democratic traditions and democratic political culture. When the union dissolved, two parallel processes occurred: on the one hand, communism's grip on the population faltered, hence weakening the common civic identity uniting individuals of various ethnic groups. This in turn sparked an identity quest among large parts of the union's population. Having been the only permitted distinct identity (with the suppression of religious and tribal/local clan identities), ethnic identity was in an advantageous position to claim popular allegiance. Meanwhile, the political atmosphere of the union liberalized, presenting the opportunity for new, unorthodox political currents to emerge without fear of reprisals. Liberal or social democratic ideologies did develop, but remained mainly confined to the intelligentsia; among the masses, such political currents caused little enthusiasm. In fact, nationalism in many areas succeeded communism as the dominant dogma. In the Caucasus, given the complexity of the region's ethnic map and the existence of unsettled scores between various ethnic groups—some predating the Soviet era but most created or deepened during Soviet rule—nationalism developed unhindered. Nationalist feeling was partly directed against the central government, but more often than not directed against a neighboring ethnic group. In Georgia and Armenia, nationalist forces gained strength since 1987; nationalist popular fronts succeeded in seizing power through elections in both republics by 1990. Meanwhile, nationalist foment emerged in Azerbaijan and the North Caucasus, primarily Chechnya; yet in Azerbaijan it can be argued that nationalism developed slowly and reactively, in many ways as a response to rising Armenian nationalism. Communist power wasn't toppled until early 1992, several months after the country's declaration of independence.

WARS IN THE CAUCASUS, 1988-1999

The course of warfare in the Caucasus is relatively well documented.[2] Suffice it to note here

[1] See Svante E. Cornell, *Autonomy in the Caucasus: A Catalyst for Conflict?*, paper presented at the Association for the Study of Nationalities 5th annual convention, New York, April 2000. Available from http://www.cornell.nu.

[2] See *Small Nations and Great Powers*: for the Nagorno-Karabakh conflict, Chapter 3, pp. 61-141; for the Georgian-Ossetian and Georgian-Abkhaz conflicts, chapter 4, pp. 142-196; for the war in Chechnya, chapter 6, pp. 197-250; for the Ingush-Ossetian conflict, pp. 251-261.

that the outcome of the four major conflicts were fairly similar: vastly inferior by number, the autonomous minorities succeeded in achieving military victories and established *de facto* independence.[3] These victories were generally speaking not achieved single-handedly. In fact, the Abkhaz, South Ossetian, and Nagorno-Karabakh Armenian minorities enjoyed strong political, economic and military backing from abroad. Armenia's direct intervention in support of the Karabakh Armenians was as decisive for the outcome of that conflict as was Russia's support in the case of Abkhaz and South Ossetian war efforts. Only in the case of Chechnya was large-scale foreign intervention absent, although Chechen rebels enjoyed covert financial support by mostly private groups in the Islamic world. The consequences of the wars were also fairly similar: beyond the economic and human disasters caused by warfare, the conflicts also seriously damaged the body politic of the states involved. None of the conflicts has been solved, instead remaining frozen along cease-fire lines of varying stability. Most promising is the situation in South Ossetia, where a movement of reconciliation at grassroots level is under way. Although politically the conflict remains unresolved, it is gradually made obsolete by events on the ground. By contrast, the conflict in Abkhazia remains in a deadlock, even briefly returning to violence in May 1998. The Nagorno-Karabakh conflict, which is potentially the conflict with the largest international ramifications given the direct involvement of two independent states, during 1999 showed signs of moving towards a solution. Nevertheless, the destabilization of the Armenian political scene caused by the murder of the country's Prime Minister and parliament speaker in October 1999 obliterated any chance for an imminent solution.[4] In particular, conflicts have served as an excuse for the continuation or strengthening of authoritarian practices in the name of stability, hence working as an impediment to democratization. More profoundly, the military defeats of Georgia, Azerbaijan and Russia at the hands of substantially smaller opponents have created a sense of national humiliation that affect especially the young generation, and whose possible consequences are difficult to assess. For example, the current war in Chechnia is, on the part of the Russian armed forces, to a certain degree dependent on a desire for simple revenge. To this must be added, in the Georgian and Azerbaijani cases, the existence of hundreds of thousands of displaced people from the conflict areas, who typically form the most militant segments of the population. The Caucasian states were all weak at independence; however the armed conflicts made the weakness of these states chronic.

In addition to the open conflicts, a number of potential conflict areas exist. Two cases in particular deserve mention. First, the Javakheti area of southern Georgia, predominantly Armenian-populated and the locus of a Russian military base. Tensions between local Armenians and the Georgian government have fluctuated during the course of the 1990s. The issue of the Russian military base is currently assuming increasing importance. From the perspective of many local Armenians, the base is not only a guarantee for their security—given that a third of officers and up to two thirds of private soldiers serving in the base are locally recruited—but also the main source of employment and social services in the region. A withdrawal of the base or even debates to that effect may hence serve to destabilize the region further.[5] Secondly, tensions have been building during the last two years between the Karachai and Cherkess communities in the republic of Karachaevo-Cherkessia

[3] There were less than 120,000 Armenians in Nagorno-Karabakh (80% of the region's population) compared to Azerbaijan's population of 7 million; there were 67,000 Ossetians in South Ossetia; (66% of the region's population) and there were 100,000 Abkhaz in Abkhazia, forming only 17% of Abkhazia's population.

[4] See Svante E. Cornell, "Armenia's Political Instability and Caucasian Security", *Central Asia-Caucasus Analyst*, (Washington, D.C.) 12 April 2000. (available at http://www.cacianalyst.org/archives)

[5] See eg. IWPR Caucasus Reporting Service, 8 September 2000.

in the northwestern Caucasus. The long-awaited transition from Soviet élites that stayed in power until 1999 in the republic rapidly took on the shape of competition along ethnic lines; at present, a predominantly Karachai élite is ruling the republic, whose stability remains precarious. Moreover the situation in Karachaevo-Cherkessia is likely to deeply impact the neighboring republic of Kabardino-Balkaria, whose main ethnic groups are akin to those in Karachaevo-Cherkessia. In sum, the regional turmoil and lack of economic development worsen the situation in areas not yet the scene of conflict; meanwhile, governments have little resources to allocate to conflict prevention schemes in these areas.

GEOPOLITICS OF THE CASPIAN: THE OIL FACTOR

As war was raging throughout the Caucasus in 1991-94, another development of major significance was unfolding: the 'discovery' by multinational oil companies of the largely untapped oil and gas resources of the Caspian Sea.

The Caspian, notably the Apsheron peninsula hosting Azerbaijan's capital Baku, has been an oil-producing area for centuries. Indeed, it is estimated that over 50% of the world output of oil in 1900 was produced in and around Baku. However, the Soviet Union lacked advanced technology to fully explore the Caspian seabed's resources despite being vaguely aware of them; moreover, given the existence of oil in Siberia and the Urals that could be exploited at a significantly lower cost, exploiting the Caspian resources was not a priority. This changed with the dissolution of the Soviet Union. As Azerbaijan, Kazakhstan and Turkmenistan, most notably, gained independence, the export of oil and gas was envisaged to become a major source of income for these countries. Oil companies were interested in gaining a share of this new, hitherto closed market. Caspian oil nevertheless suffers from a major limitation: it is among the most expensive sources of oil in the world. Whereas a barrel of Saudi crude costs approximately $3 when reaching world markets, a barrel of North Sea oil costs ca. $10-12 on average, accounting for large variations between individual oil fields. Unlike North Sea oil, however, Caspian oil is not under the seabed of an ocean, from where it can be transported cheaply by sea once taken to the surface. It lies under what in fact amounts to a gigantic lake, the Caspian Sea, and must hence be brought to markets through expensive pipelines. By the time it reaches world markets, it costs its producer in the order of $14.

Secondly, the amount of oil under the Caspian Sea, though subject to heavy debate, has all too often been overestimated. This is the case as no comprehensive geological survey, much less the drillings necessary to ascertain whether a well contains oil or gas and its quality, were undertaken during the Soviet period. *Proven* reserves are hence comparatively low, at the range of 25 billion barrels. *Potential* reserves, however, have variously been estimated to between 100 and 200 billion. Most analysts in the oil industry, significantly, estimate the final amount of recoverable resources to ca. 100 billion barrels. As such, Caspian oil represents in the order of 5-10% of world petroleum resources. Clearly, comparing the Caspian to the Persian Gulf, containing up to 65% of world resources, is misplaced.

The importance of Caspian oil nevertheless does not lie in its quantity, or even its quality—Gulf oil is typically of higher quality than Caspian oil. The geopolitical importance of Caspian oil lies in its location. Western states, in particular the U.S., are increasingly dependent upon *imported* oil for their economies. As the share of imported oil increases, so does the share of Persian Gulf oil. Politically, this means western economies are dependent on political stability in the Persian Gulf for their own economic stability. It thereby becomes an imperative to seek to diversify oil imports to the highest degree possible. This is where the Caspian fits into the picture. A new source of oil imports, it enables western states to alleviate dependence on the Gulf.

GEOPOLITICS OF THE CASPIAN: BEYOND OIL

However important it might be, oil is by no means the sole reason for international interest in the Caucasus or the Caspian. Indeed, the region would have attracted substantial international interest even had it not possessed any oil whatsoever. Its location between three regional powers (Russia, Turkey and Iran) is one element of its importance. Another is the fact that it forms one of the few available routes for western influence in Central Asia, a region of vast future strategic importance simply due to its geographic location. Neither Russia, China, Iran or Afghanistan are likely conduits for the west to this region; Turkey and the Caucasus hence by default become attractive routes, as witnessed by the large EU-sponsored TRACECA (Transport Corridor Europe-Caucasus-Asia) project aiming at making the Caucasus practically a bridge between Europe and Asia. Oil is only one part of this scheme.

As concerns American influence in the Caucasus, it is often assumed to be heavily dependent on oil. As important as oil has been to increase American attention to the region and to legitimize U.S. involvement there, it has been established that U.S. governmental interest in the Caucasus emerged around 1994 among military circles, unrelated to oil, but very much related to the strategic importance of the region.[6] Safeguarding the true independence of the Caucasian states has become an important policy objective for Washington as well as some of its NATO allies, including Great Britain. For this purpose, millions of dollars and pounds have been poured into the Georgian military, whereas in the case of Azerbaijan, Turkey has taken the lead in assisting in restructuring and bringing to NATO standards the Azerbaijani military. The regimes of these two countries have been propped up and supported in international forums. The OSCE Istanbul meeting of November 1999 is a case in point: President Clinton presided over the signing of a formal agreement to construct the Baku-Ceyhan pipeline, while western pressure was crucial in forcing Russia to agree to withdraw two of its four military bases in Georgia.

However, the U.S. has failed to openly declare what type of commitment it is ready to make to the Caspian region. In so doing, Washington has allowed a plethora of speculations to emerge on how far it is actually ready to go in engaging the region. Where some analysts claim Washington will not risk its relations with Moscow over the Caucasus, others have predicted the establishment of U.S. military bases in Georgia or Azerbaijan in the not too distant future. Clearly, the lack of predictability of American policy is not a stabilizing factor in the region.[7]

REGIONAL ALIGNMENTS

In the latter half of the 1990s, a clear trend towards the emergence of opposing strategic alignments in and around the Caucasus was discernible. Among the three regional states, the basic division was in terms of threat perceptions. Georgia and Azerbaijan both viewed the immediate threats to their security as stemming from secessionist movements attempting to dismember the two states. However, the main source of this threat was identified as originating in Moscow's attempts to regain hegemony in the Caucasus. Russian resurgence was seen as the root of the regional problems, and in addition Iran was viewed, particularly by Azerbaijan, as a factor of instability. Armenia, however, analyzed the regional situation in a different manner. From Yerevan's perspective, the region's problems were due to the refusal to rectify what was perceived as past injustices and accord the right of full self-determination to minorities, in particular the Armenians of Nagorno-Karabakh. For Armenia,

[6] See *Small Nations and Great Powers*, chapter 10; and Stephen Blank, *U.S. Military Engagement in Transcaucasia and Central Asia*, Carlisle, PA: U.S. Army War College, Strategic Studies Institute, 2000.

[7] See Svante E. Cornell, "U.S. Policy in Caspian-Asia: Imperatives of Strategic Vision", *Central Asia-Caucasus Analyst*, (Washington, D.C.) 27 July 2000. (available at http://www.cacianalyst.org/archives)

the main threat perception stemmed from the fact of having two hostile Turkic neighbors to its west and east. The main military threat to Armenia was Turkey, not Russia or Iran. Quite to the contrary, Moscow and Tehran were viewed as strategic allies in the quest to minimize Turkish influence in the region.

As far as the regional powers are concerned, perceptions are equally varied. Russia quite openly claims the Caucasus as its sphere of influence, and seeks to minimize Turkish and American influence in the region. In these matters Moscow and Tehran have realized a commonality of interest, including the aim of preventing Azerbaijan from freely utilizing its economic potential by exporting its oil westward. For Iran, the existence of a large, perhaps 20 million strong Azeri minority on its territory, was actualized by the creation of the independent state of Azerbaijan. The advent to power of a nationalist leadership that scarcely concealed its anti-Iranian character made matters worse, resulting in Tehran counterbalancing Azerbaijan by ever closer relations with Moscow and Yerevan.

By contrast, Turkey and the United States agree on the imperative of supporting the independence of Caspian states, and enabling them to fully partake in the globalized world economy and gradually integrate into Euro-Atlantic structures. For this purpose, Russian and/or Iranian monopoly over the export of oil and gas from the region must imperatively be avoided; instead a westward pipeline route must be established. This has resulted in direct U.S. backing for the economically ambiguous Baku-Ceyhan pipeline that aims to export Azerbaijani oil through Georgia to the Turkish Mediterranean coast.

While the dichotomy of interest among the great powers is straightforward, the strategic choices made by Caspian states is by no means uncomplicated. In particular, Armenia has found it difficult to reconcile its desire for closer political and economic links to the west with its strategic partnership with Russia and Iran. Indeed, Armenian policy-makers are often credited for their ability to walk a thin rope between Washington, Tehran and Moscow. Likewise, by aligning itself unequivocally with the west, Georgia has been forced to pay a high price in terms of deteriorating political and economic relations with Moscow. Yet, in contrast to Central Asia where geopolitical alignments remain blurred and unclear, the strategic map of the Caucasus has for most practical matters been drawn, and remains relatively stable despite—or perhaps even due to—the instability of the region. Indeed, the event that would most alter the political chart of the Caucasus is peace. Lasting peace, in particular between Armenia and Azerbaijan, would fundamentally alter the threat perceptions of both countries, especially Armenia. Whereas Armenia presently perceives itself as vulnerable, positioned between two hostile Turkic neighbors to its east and west, a solution to the Nagorno-Karabakh conflict would lead not only to the normalization of Armenian-Azerbaijani relations but in all likelihood also of Armenian-Turkish relations. In other words, the perceived Turkic threat to Armenia would diminish significantly. This would in turn imply the reduced importance for Yerevan of military ties to Moscow. Undoubtedly, Russia will remain an important partner and ally; but Armenia's security would no longer be exclusively dependent on Moscow, given that the imperative of counterbalancing especially Turkey through military ties to Russia would be reduced. Armenia could then to a much greater extent partake in the establishment of the east-west transport corridor from which it is largely isolated. As a result, Russia's influence in the Caucasus would diminish further.

It follows naturally that from the perspective of more imperial-minded circles in Russia, peace in the Caucasus is not in Russia's interest. The alternative, an unstable Caucasus which no one can control, is preferable. To the extent that forces subscribing to this view dominate the decision-making process in Russia, peace in the Caucasus will remain elusive.

CONFLICT RESOLUTION AND LONG-TERM STABILITY

As the above discussion has highlighted, two major interrelated but distinct security issues can be identified in the Caucasus: first, the ethnopolitical conflicts still plaguing the region; second, the geopolitical alignments currently in development. The interrelationship between these two spheres is significant and will to a large extent dictate the future of the region. At the outset it should be noted that the conflicts antedated the geopolitical 'game'. All conflicts find their origin in the late Soviet era, when no foreign power was significantly involved in the region. However, geopolitics have become inextricably attached to conflict resolution in the Caucasus. This is the case primarily because the geopolitical environment dictates the calculations and future prospects of the parties involved. The existence of a multitude of foreign actors pursuing their interests in the region presents the regional states with opportunities to increase their own status compared to that of their antagonists. The prospect of attracting powerful allies, and thereby altering the balance of power in the conflict, obstructs conflict resolution by inciting actors to put off a compromise solution in anticipation for better terms in the future. In addition, the existence of parallel tracks of negotiation—in the Caucasus, typically a 'Russian' path and an 'international' path—serves the same purpose, complicating the process of resolution by allowing actors to 'shop around' for better terms. This was particularly clear during the efforts to achieve a cease-fire in the Armenian-Azerbaijani conflict. At present, three powers share the chair of the OSCE Minsk Group responsible for the settlement of that conflict: Russia, the United States, and France. In this case as in the Georgian-Abkhaz case, the presence of a mediator widely perceived has having been a party in the conflict as much as a mediator, the composition of the mediation force more than occasionally creates skepticism regarding the sincerity and impartiality of the actions and proposals of the mediators.

At the same time, geopolitical players are in the Caucasus to stay, and no conflict resolution process can be imagined without their involvement. There is increasing awareness that the different conflicts of the Caucasus cannot be considered totally apart from each other and the geopolitical environment. Rather, there is an increasing trend toward a more holistic approach to conflict resolution in the region. During the last year, the concept of a 'Caucasus Stability Pact' inspired by the Balkan equivalent has surfaced and been given great importance by political scientists as well as regional leaders. At this point, there is still a great divergence in the interpretations of the concept that different actors espouse; yet there seems to be a gradual convergence on the membership of 8 actors in a future pact: the three regional states, Georgia, Armenia and Azerbaijan; the three regional powers, Turkey, Iran and Russia; and non-regional interested parties, the US and the EU.

The arrival of the concept of a stability pact should not be seen as an instant solution to the problems of the Caucasus. However, the fact that all major actors have voiced their support for the idea points to an understanding of the regional dimension of the Caucasian conflicts and, more importantly, of the need for a future in cooperation.

CONCLUSION

Given the complexities of the political situation in the Caucasus, especially the intricate links between different conflicts and between conflicts and geopolitics, a coherent peace in the near future is not to be expected. This pessimist conclusion must nevertheless not be taken to mean that the Caucasus is doomed to eternal conflict and despair. Indeed, war weariness is increasing among the population of the region, and the wave of nationalism initiated in the late 1980s and early 1990s seems, in many parts of the region, to be on the decline. Grassroots interaction between conflicting parties is increasing in spite of the discouraging attitude of governments. South Ossetia is only one example; encouraging examples are also appearing in the low-level relations between Armenia and

Azerbaijan. Politically, moreover, Armenia seems gradually to be returning to stability, meaning that the leadership may be able to focus its efforts on conflict resolution once again, rather than its own political survival.

The Caucasus may be heading the right way; however time may be short. Both Georgia and Azerbaijan will, due to the sheer age of their respective presidents and their paternalistic style of leadership, experience the problem of political succession in the next five to ten years. A considerable amount of insecurity exists in both countries regarding what political forces will take over from leaders who, despite their flaws, have been able to stabilize their countries and build their true independence and international standing.

The prospects for peace in the Caucasus are hence unclear. Whereas excessive optimism is unwarranted, the conditions for lasting peace are gradually emerging in the region. In the final analysis, the international atmosphere and the importance accorded the region by international actors, especially the great powers and their level of competition in the region, will determine whether the Caucasus will move toward peace or remain trapped in the situation of 'no peace, no war' that is reigning at present.

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