

AMERICAN UNIVERSITY OF ARMENIA

THE PROBLEM OF COMMUNICATION ROUTES AND SECURITY TRENDS
IN THE SOUTH CAUCASUS:
THE ARMENIAN PERSPECTIVE

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LIST OF ABBREVIATIONS

- AIOC – Azerbaijan International Operating Company
- ARFD – Armenian Revolutionary Federation Dashnaktsutyun
- BP – British Petroleum
- BTC – Baku-Tbilisi-Ceyhan
- BTE – Baku-Tbilisi-Erzrum
- EIA – Energy Information Administration
- EU – European Union
- GDP – Gross Domestic Product
- IMF – International Monetary Fund
- INOGATE – Interstate Oil and Gas Transport to Europe
- NATO – North Atlantic Treaty Organization
- OPEC – Organization of the Petroleum Exporting Countries
- RPA – Republican Party of Armenia
- SOCAR – State Oil Company of Azerbaijan
- TRACECA – Transport Corridor Europe-Caucasus-Asia
- UAE – United Arab Emirates
- US – United States
- WMD – Weapons of Mass Destruction

ABSTRACT

The purpose of this study is to examine the role of new communication routes in developing security trends in the South Caucasus with a special emphasis on the reasons of Armenia's dropping out from these geopolitically important projects and future perspectives. The topic is essential due to the notion that the obsession of geopolitically important routes (both energy and trade) will contribute to the economic growth, hence to the military capacity of the 'game' parties. To be more precise, this particular research will focus on the following matters:

First of all, as many post Cold War security studies have focused on relationships between economics and security, this particular research will also be concentrated on this type of a relationship having transportation routes in the region as a form of a serious contributor to regional economies. However, beyond the simple numbers, it will be made an attempt to see the challenges of economic growth (for example, lack of democratic institutions, nationalistic aspirations) for regional actors. This approach will be quite useful in order not to draw over generalized threat implications for Armenia.

Moreover, this study will not only focus on the implications of supposed geopolitical shifts, but also try to find options for Armenia to have its sound place in the regional environment.

INTRODUCTION

Colaresi and Thompson (2003) argue that “[a] key relationship in comparative and international politics is the connection between economic development and democratization” (p.381). They go on to say that [i]n international politics, advocates of the democratic peace argument contend that democratization pacify international politics” (p.381). If so, “What drives democratization?” (p.381). One of the most common answers to that question, as Colaresi and Thompson (2003) argue, is economic development. Bunce (2003) also argues that economic development creates favorable conditions for having a sustained democracy. However, Colaresi and Thompson (2003) argue that “[an] economic development and democratization may seem to be obviously internal processes. They are in some respects, but at the same time they do not take place in autonomously national circumstances” (p.383). They argue that international factors, such as “external threat, conflict and trade openness can be favorable, unfavorable or mixed in [their] influence on the prospects for development and democratization” (p.383).

Hence, considering the establishment of new communication routes, or to be more precise, the prospects of the establishment of the latter in the South Caucasus¹ as the main contributor to economic development of the regional countries, it will be quite important to study the way of implication, which could economic development of Armenia, Azerbaijan and Georgia have on democratic processes inherent to them.

Moreover, the process of democratization will be considered under the light of the nationalistic aspirations, which laid their roots in the South Caucasus countries, connected with the perceptions of external threat from the regional actors and the geopolitical interests of the global actors.

¹ The talk is over the BTC oil pipeline, operational by the end of 2005, Tabriz-Yerevan gas pipeline, operational by the end of 2007, and the prospects over the BTE gas pipeline and Kars-Akhalkalaki railway.

Taking into consideration the above-mentioned statements, the essay puts forward the following research questions:

1. What is the scope of the global politics in the South Caucasus in the context of the development of communication routes?
2. What is the extent of activities of the regional players in regard to the development of communication routes?
3. What is the extent of the impact that economic development in terms of the construction of transportation routes in the South Caucasus could have on the process of democratization?
4. Is democratic peace theory workable in the South Caucasus context?

As for methodology, this study will use secondary analysis of different sources based on comparative methodology.

Literature Review

Elman (1997) states that “[w]hile the domestic political process can account for a given state’s foreign policy orientation, international factors will often determine whether this foreign policy choice proves successful and whether the state faces sufficient opportunities to realize its agenda” (p.36). The above mentioned statement is true in case of the South Caucasus. Particularly, Magomedov (2005) states that there are three levels of the South Caucasus politics: global, regional and local². The global or mega level is represented by the

² As well as Magomedov’s talk is about the struggle for Caspian oil and Caspian transit, for the purposes of this research the main stress will be put on the Caspian transit through the South Caucasus. Hence, main players

US and Russia. The regional or meso level is represented by the meso alliances among the South Caucasus states, and also the meso alliances of the latter with such regional players as Iran and Turkey. The local level will be represented by the nationalistic aspirations and threat perceptions inherent to the South Caucasus countries³.

Karasac (2002) states that “whoever secures the major share of oil pipeline transit will gain enhanced influence not only throughout the Caucasus... but also on a global political scale [which] highlights the concerns about the future stability of the region” (p.17). In the same line Maksimenko (2000) states that “The geography which geopolitical thought is dealing with is not physical geography of landmass and seas; it is geography of communications of world trade and world war, the geography of the territories of sea powers and land powers, of domination over the seas and landmass subject to historical changes” (p.61).

Moreover, Parakhonskiy (2003) states that “Each of the geopolitical forces present in the region is inclined to consolidate or disintegrate the already existing regional group according to its own interests” (p145). Though Parakhonskiy talks about the regional countries as passive onlookers, the emphasis should be put on internal processes or perceptions about the processes inherent to the South Caucasus countries.

Karasac (2002) states that “The intensifying struggle for control of the vast resources of the Caspian Sea basin is often cast as a replay of the nineteenth-century ‘Great Game’” (p.17). She goes on to state that “The object this time is not so much control of the territory. It is the large reserves of oil and gas in the Caucasus, notably the Caspian Basin. Pipelines are the counters in this new Great Game” (p.18).

in the global, regional and local levels will be separated from the Caspian politics and determined in terms of the South Caucasus region.

³ Though for the local level Magomedov (2005) does speculations about dilemma on the concepts of self determination and territorial integrity, for the purposes of impartiality and for the purposes of this research for the local level it will be discussed foreign policy orientation due to nationalistic aspirations inherent to the countries of the current discussion.

Edwards (2003) states that “The term ‘the Great Game’ was coined in the 1830s, although its use was not to become widespread and popularized until the first years of the 20th century in the novel *Kim* by Rudyard Kipling. Although fictional, the basis for the events and occurrences that it described were real, describing the ‘shadowy struggle for political ascendancy’ that took place for most of the 19th century and early 20th centuries between the British and Russian Empires over Central Asia” (p.84). Magomedov (2005), speaking about Kipling’s Great Game, states that “Kipling demonstrated great perspicacity when he said that the country to win the railway race would be the winner in the Great Game” (p.80) He goes on to state that “History is repeating itself at the turn of the 21st century: the region’s future depends on oil and gas pipelines which bring energy fuels to the foreign markets... Today, local political interests and trends in outside influences are largely determined by potential export oil pipelines” (p.81).

The idea of the Great Game has been largely connected with geopolitical thought, particularly with ideas of the founder of the British geopolitical school, Sir Halford Mackinder. Analyzing Mackinder’s famous “The Geographical Pivot of History”, Edwards (2003) states that for Mackinder Central Eurasian pivot area⁴ was key to the control of world politics, which was summed up in his famous phrase: “Who rules East Europe commands the Heartland; Who rules the Heartland commands the world Island; who rules the World Island commands the World” (p.102). In the same line O’Hara (2002), speaking about the essence of the new Great Game, states “Who controls the export routes, controls the oil and gas; Who controls the oil and gas controls the Heartland” (p.148). In other words, for nowadays Great Game, the winner would be the state controlling, or to be more precise, having the major share in the different consortiums of export routes in the region.

⁴ This area Mackinder called ‘Heartland’. According to Maksimenko (2000), Heartland includes the Caucasus.

It is noticeable that Mackinder did not only speak about the Heartland, but also put stress on the regions, which bordered it⁵ (later called Rimland)⁶. Nowadays, in times of the new Great Game play, Heartland and particularly Rimland theory is of paramount importance, since the control over the communication routes, or to be more precise, the capacity to make decisions to establish or not those routes and implement them, may have influence on the Heartland in a sense that oil and gas reserves, which it possesses, have value when transported: otherwise the Heartland itself has no geopolitical meaning.

Several decades later, as Maksimenko (2000) states, the American political thinker, the former US National Security Advisor Zbigniew Brzezinski, called the Caucasian and Central Asian part of the Land of Five the 'Eurasian Balkans'. Particularly, Brzezinski (1997) states that "Eurasia is the world's axial supercontinent. A power that dominated Eurasia would exercise decisive influence over two of the world's three most economically productive regions, Western Europe and East Asia. A glance at the map also suggests that a country dominant in Eurasia would almost automatically control the Middle East and Africa... What happens to with the distribution of power on the Eurasian landmass will be of decisive importance to America's global primacy and historical legacy" (p.233). The above-mentioned statement can be labeled as the overall assumption of the American foreign policy orientation, while practical steps already done or which are supposed to be done based on current developments will reveal the US contribution as a Minsk Group cochairman toward the aim of having stable and secure South Caucasian region.

Particularly, Khokhar and Wiberg-Jørgensen (2001) state that the US, pursuing its policy of 'Multiple Outlets', came about supporting the BTC pipeline. They go on to state that "By dominating the east-west supply route for the Central Asian and Caspian oil and gas

⁵ According to Maksimenko (2000), this area Mackinder called the Land of Five Seas.

⁶ Edwards (2003) states "heartland-rimland theories were purposed, respectively, by Mackinder and Spykman. Mackinder argued the heartland would dominate world politics; Spykman argued that the rimland - the circle of land surrounding the heartland - could be used to contain the heartland and nullify its influence. In reality, this geopolitical theory turned in to the containment policy that was used by the US during the Cold War" (p.102).

resources, part of which runs through Azerbaijan and Georgia, the United States can obtain an unprecedented possibility to influence regional oil and gas exports”⁷ (p.79). Moreover, they see the construction of the US supported BTC pipeline as a way “to reduce Russian influence in the region by removing an important Russian tool and in doing this turn the taps of Russian security politics, seriously limiting the possibility of future Russian power politics” (p.79).

In the same line O’Hara (2002) states that “In an effort to break Russia’s pipeline monopoly, various other export routes are purposed. The project receiving the most attention has been the Baku-Tbilisi-Ceyhan pipeline ... Initially; the project looked unlikely to come to fruition as western oil companies questioned its economic viability, highlighting the benefits of other routes, particularly those to south. Moreover, they expressed concern over pipeline security as it would pass through or close to the most unstable areas of the southern Caucasus” (p. 149). The situation, however, changed in 1997, with the adoption by the US the policy of ‘Multiple Outlets’. As O’Hara (2002) states, the adoption of the above-mentioned policy made the US support the construction of the BTC pipeline. She argues that the US involvement in the region “is more about ensuring American interests are catered for and preventing other external powers, namely Russia and Iran from gaining power” (p.149).

Karasac (2002) states that Russia’s current policy towards oil in the region is characterized by three basically contradictory schools of thought. The first school has been exposed by Former Foreign Minister Yevgeny Primakov and other officials “who interpret Russian policy within a traditional ‘balance of power’ framework. They argue that Russia should maintain its sphere of influence in Central Asia and the Caucasus. This group views oil as a central instrument in maintaining that influence. In terms of international competition

⁷ Karasac (2002) states that the BTC pipeline “does not exhaust the geopolitical intrigue aimed at establishing full control of the US over ‘strategic energy ellipse’” (p.21). It is noticeable that strategic energy ellipse includes sixteen states: almost the entire territory of Iran, some Russian, Kazakh, Turkmen, Uzbek, Oman Saudi Arabian, Iraqi, Turkish and Georgian territories, as well as the entire territory of Azerbaijan, UAE, Kuwait, Bahrain, Qatar and Armenia.

for the region's oil, the Primakov school sees development and export of oil in zero-sum game terms, rather than as a cooperative effort from which everyone can benefit" (p.19).

The second school, as Karasac (2002) argues, has been supported by former Foreign Minister Viktor Chernomyrdin and mainly oil industry officials. Moreover, she states that the supporters of the above-mentioned school "welcome Western participation in the development of Caspian oil, as a means of ensuring access to capital and advanced technology" (p.19).

According to Karasac (2002), the third school "promotes a pragmatic resolution between the other two, regarding the issues around the Caspian Sea oil development" (p.19).

As a concluding remark on Russia's geopolitical stance toward the region of the current discussion, Karasac (2002) states that "the interests of the oil companies were of little concern to the official Russian leadership in the Kremlin. Private business is not perceived by the Russian political leadership as a potential auxiliary for foreign policy... oil is *not* considered as a possible source of revenues for the country's ailing economy. It is a *tool* in the hands of diplomats eager to maintain Russia's hegemony over its former marches" (p.19). However, as Karasac (2002) states, gradually Russian economic interests are taking precedence over the political ones.

Edwards (2003) states that "One of the largest sub-sections of the New Great Game thesis was the idea that there would be a cultural, historical and political struggle for influence by Turkey and Iran" (p.94). However, he goes on to state that the "Great Game that Iran and Turkey were expected to play as regional powers never took place" (p.94). He sees a combination of several reasons, which brought about this situation: "[due to] limited economic and financial resources on the part of Turkey and a lack of political will on the part of Iran, there has been no competition between two states" (p.94).

Indeed, lack of economic resources provided by Turkey doubted the construction of the BTC pipeline. However, as Karasac (2002) states, “Ankara fears that if the [BTC] pipeline is not built, it will lose its foothold in Azerbaijan and its political influence in Central Asia and the Caucasus” (p.21). As Karasac states, in order to avoid the above-described situation, the Turkish government, in spite of financial difficulties, has offered financial incentives to influence BP-led AIOC to choose the Turkish route⁸.

Moreover, as Karasac (2002) states, Turkey used the “argument over limited capacity of Bosphorous and Dardanelles as a trump card to gain an upper hand in the race to control lucrative oil trade and raise its influence in the region” (p.22). In other words, though Turkey entered the new Great Game almost not having attributes of the regional power, the construction of the BTC pipeline, at least in Turkish view, leads toward the implementation of that intention.

As for Iran, Karasac (2002) states that “Iran has far been less of a player in the new ‘Great Game’⁹” (p.22). However, in the light of the construction of Tabriz-Yerevan gas pipeline and also Iran-Russia developing military and economic cooperation, Iran could be viewed at least the player of the new Great Game.

Going inside the interstate dynamics, it should be mentioned that there are important implications for relationships among the power centers with each state. As Baran (2002) states, “Over the years, Armenia has formed military and political alliances with Iran, Syria, Greece and Russia to counterbalance the partnership of Turkey, Georgia, Azerbaijan, Israel and the United States. Although the latter have concentrated on developing the east-west

⁸ As Preiger, Maliarchuk and Grinkevich (2003) state, Burgas-Vlore, Constanta-Omisalj, Burgas-Alexandroupolis, and Odessa-Brody pipelines were purposed along with BTC. Listed five options were chosen in a way to bypass the Turkish Straits. It is noticeable that the first four options represented tanker transfer from the Black Sea port of Supsa to the western shores of the Black Sea, followed by various pipeline routes on the European continent.

⁹ Karasac (2002) explains this in terms of the fact that “The main concern of the Iranian government in the region is defensive. It fears that ties between its Azeri population and their ethnic kin in Azerbaijan (in the northwest), and its Turkmen population and their ethnic kin in Turkmenistan (in the northeast) could pose an irredentist threat to Iran’s territorial integrity” (p.22)

corridor, Iran and Armenia have worked on a north-south corridor, which Russia has also joined” (p.226). It is noticeable that, as Magomedov (2005) states, “transit race became a peak of activities at the... meso-level” (p.83). In the same line Karasac (2002) states that transit options were proposed and discussed within regional countries, gaining support either from the US or Russia.

BTC pipeline, as an integral part of east-west corridor, is viewed by many analysts as a main revenue generator both for oil producing country Azerbaijan and transit countries Georgia and Turkey. Moreover, as Karasac states, in 1999 the US President administration’s senior advisor on Caspian basin energy diplomacy, Ambassador Elizabeth Jones stated, the BTC pipeline “will be a stabilizing factor in the countries in which it is established” (p.21).

Moreover, in some political circles in Armenia, it is admitted that the construction of the BTC oil pipeline is in some sense beneficial for Armenia. Particularly, Hakobyan (2005), based on May 27th report by Arminfo news agency, states that the head of the parliamentary faction of RPA holds the following position toward the topic of the current discussion: “... the processes happening in the neighboring republic [Azerbaijan] cannot affect the situation in Armenia... the exploitation of the Baku-Tbilisi-Ceyhan oil pipeline and Azerbaijan’s economic development would have a favorable impact on the development of the entire region in general” (p.14).

Hakobyan (2005), based on the May 27th report by Arminfo news agency, cites the representative of ARFD, who particularly claimed that “the exploitation of the Baku-Tbilisi-Ceyhan did not disturb the balance of forces in the region” (p.14).

On the other hand, as Hakobyan (2005) states, Armenia’s Prime-Minister provided a different analysis. He particularly states that “Armenia has to find alternative ways to restore regional balance of power, an alternative to BTC can be the Iran-Armenia gas pipeline, via which Armenia can transport gas to Europe via Georgia in the future” (p.14).

While the question of the future main export pipelines became an issue of hot debate between Russia and Iran on the one hand, and the US, Turkey, Georgia on the other, the EU remained in favor of the multiple pipelines approach. To be more precise, the EU has initiated a number of projects under the TRACECA¹⁰ and INOGATE initiatives and the 1994 Energy Charter, the objectives of which were the regional transport and communication infrastructure. These initiatives to provide critical assistance and develop a network of intraregional economic ties have projected the EU into a position of regional responsibility. The stated aspirations of the South Caucasus countries toward a European future and the EU's neutral position in the Great Game had created expectations for the EU involvement in the region.

However, it is currently recognized that both TRACECA and INOGATE have run out of steam because of unresolved conflicts in the region and the competing interests of other players in the region. It is noticeable, however, as Parakhonskiy (2003) states, "When realized the TRACECA and the projects of transportation of Caspian gas and oil will play an important role in the regional consolidation" (p.145).

Global or Mega Level Politics

Energy Geopolitics of the US and Russia in the South Caucasus

Gusaev (2003) states that "the hopes that the end of the Cold War would create prerequisites of unification of the world community... remained unjustified... Those who hoped to see bi-polar confrontation with partnership for the sake of international stability

¹⁰ TRACECA program is also called 'new silk route'.

proved wrong” (p.95). He goes on to say that the above-mentioned statement is true of the Caucasus as well: “... old geopolitical interests and priorities have been replaced with new ones. It has become abundantly clear that new players prepared to gamble on their own appeared on the region’s political map. Russia and the United States are two favorites” (p.95).

Gusaev (2003) states that the transportation of oil is one of the spheres where the US and Russian interests clash. As it has been mentioned, the US energy geostategy in the South Caucasus has the following aims:

The first main aim for the US is to be less dependent on Persian Gulf oil. The matter of fact is that while Caspian oil provides only a small percentage of world oil production, in any case this marginal oil has impact on the reduction of oil prices and erosion of political power of OPEC States.

Moreover, by the construction of the Baku-Tbilisi-Ceyhan pipeline, the US has the opportunity to contain the Russian and Iranian power expansion in the region¹¹.

Particularly, by containing Russia, the US will have an opportunity to ensure independence for the South Caucasus states from Russia. As for enhancing independence of Armenia, which is bypassed by the BTC pipeline, the US is for the reopening of the Turkish-Armenian border, or to be more specific, for the reopening of Kars-Gyumri railway.

In the same way, Khokhar and Wiberg-Jørgensen (2001) state that by supporting the construction of the BTC, the US is interested in containing Iran, though as Karasac (2002) states “Iranian territory presents the shortest and economically the most profitable route for transportation of the Caspian oil to the world markets...”¹² (p.21).

¹¹ According to O’Hara (2002), the “idea of containment was first introduced into public debate by George Kennan in his anonymous X-article, published in *Foreign Affairs* in 1947... [here] Kennan believed that a ‘long-term, patient but firm and vigilant containment of Russian expansive tendencies’ was required... (p.145).

¹² Due to the Iran-Libya Sanction Act adopted by the US, the Iranian route was not discussed, in addition to the five options, which were mentioned in the preceding chapter.

As for Russian energy geostrategy in the region, as it was mentioned above, it is largely connected with opposite views of toleration or non-toleration of western participation in the communication development in the South Caucasus. Particularly, in the early days of the formation of the Russian Federation it was in the Kremlin agenda to maintain the sphere of influence in the South Caucasus countries among other post-Soviet states.

This is not to say that later on the economic imperatives came to nullify Russian geopolitical interests. What happened in reality was that economic imperatives just took precedence over the political ones. This argument is supported by the fact that in January 2002 Lukoil, the largest Russian oil company announced its intention to join the consortium building the BTC pipeline with a share of 7.5%. The Lukoil new position indicated upon the fact that Russian government with a 35% share in the company wanted to remain involved in the transit of energy from Caspian¹³.

However, this trend which has been dominant after the 11th of September seems to be short-term. Particularly, as Kleveman (2004) states, “The Russian government initially tolerated the American intrusion into its former empire, hoping Washington would in turn ignore atrocities in Chechnya. However, for the Kremlin the much-hyped “new strategic partnership” against terror between the Kremlin and the White House has always been little more than a tactical and temporary marriage of convenience to allow Russia’s battered economy to recover with the help of capital from Western companies. The US presence in Russia’s backyard became even more assertive, but it is unthinkable for the majority of the Russian establishment to permanently to cede its hegemonic claims on Central Asia” (p.13).

Viktor Kalyuzhny, the Russian deputy foreign minister and President Vladimir Putin’s special envoy to the Caspian region, with whom Kleveman (2004) had an interview in 2003, said that “We have a saying in Russia... If you have guests in your house there are times

¹³ Gorvet (2002) states that Lukoil soon after gave up, saying that the route was economically unviable.

when you are happy. One is that when they arrive, and one is when they leave again... [in other words] Guests should know that it is impolite to stay for too long” (p.13).

There is also a perception that either Russia will become a so called ‘Washington’s satellite or it will pursue its own geostrategic course. It is noticeable that there is an accepted view in the Kremlin that ‘Russia is too heavy to become the US satellite’. As support for this argument Zonn and Zhilstov (2003) talk about the statement on the official opening of North–South international transportation corridor. Particularly, they view this corridor as an opponent to East-West corridor, supported by the US.

To sum up, so far Washington and Moscow need one another but there are certain limits to their activities in the post-Soviet space, particularly in the South Caucasus. This is why both countries profit from the coordination of the American actions with Russia, which no matter how weak is today, still have great influence in the region.

In addition to what has been claimed, it should be taken into consideration the assumption expressed by Cornell and Tsereteli (2005) that “it would be unwise... to assume that America will one again intervene to ensure that projects to their benefit would be realized, as was the case with the BTC. In particular, Europe is the player that stands to gain most from the building of an energy bridge to Central Asia, to such an extent that this may be termed as crucial for Europe’s long-term energy security. European involvement will therefore be required for the realization of the ambitious vision of an energy corridor extending from Europe through Caucasus to Central Asia, supplemented by a wider transportation and communication superhighway.” (p.11)

Regional or Meso-Level Politics

Armenia, Iran and Russia

Gusaev (2003) states that the “nature and scope of Russian and American involvement in the regional raw materials and transit projects will depend not only on the sides’ intentions and potentials but also on the requirements of the local countries themselves and on the political situation in the region” (p.101). Taking into consideration the issue of the construction of communication routes to become a base for dissention between Armenia, Iran, and Russia on the one hand, and Azerbaijan, Georgia, Turkey, and the US on the other, it will be quite important to see the interactions inside the above-mentioned geopolitical groups, each of which, as was shown above, includes countries that implement politics in meso-level and one country which implements mega-level politics in the geopolitical scene of the South Caucasian region.

Novikova (2000) states that Armenia views Iran as one of the main powers in the region that can counterbalance Turkey. She goes on to state that “There are no territorial issues between Iran and Armenia, and religious questions play no role in disrupting relations between the Islamic Republic and Christian Armenia” (p.62). Moreover, as Novikova (2000) states, “For Iran, Armenia blocks Turkish influence along Iranian northern and western borders and also in Central Asia” (p.62).

Armenian-Iranian relations in regard to the construction of pipelines did a step further by the conclusion of the agreement on the construction of Tabriz –Yerevan gas pipeline.

In spite of that fact, Armenia will not become a transit country for the Iranian gas to the European market due to the Russian pressure. The matter of fact is that the initially proposed diameter for pipelines was 1200 mm, which would give Armenia an opportunity in

the future to become a transit country. Due to Russian pressure, the pipeline will have 700 mm diameter, representing a lost chance for Armenia to become a transit country¹⁴.

As for Iran – Russia relations in regard to transportation routes, they are nowadays determined by the two Caspian initiatives proposed by Iran, which will challenge the long-term viability of the BTC.

It is noticeable that not in the far past Iran and Russia, as Peimani (2005) states, made individual efforts to establish themselves as a major, if not the major, transit route for the exports of the Caspian oil and gas resources [putting their] countries in a competing position” (p.5).

However, the construction of the BTC pipeline, which bypasses both Iran and Russia, created grounds for their cooperation. Particularly, as Peimani (2005) states, on June 8, 2005, in his visit to Moscow Iran’s Deputy Minister for International Affairs Hadi Nejad-Hossenian claimed that Tehran had a proposal “to delegate oil and gas exploration of its potential Caspian Sea reserves to Russian corporations, a deal capable of boasting those corporations’ regional and international status” (p.5).

However, it should be taken into consideration the existing disputes between Iran and other littoral states, particularly between Iran and Azerbaijan, and between Iran and Turkmenistan, over the ownership of the Caspian oil and gas reserves¹⁵. In spite of that fact, this initiative can be considered as a sign of will of cooperation in the energy sector, not yet existent in the agenda of Iran-Russia relations.

In what appears to be a direct challenge for the BTC, according to Peimani (2005) is an offer by the Iranian side of twenty five year swap deal to Russian oil companies “for receiving as much as 300.000 barrels of Russian Caspian crude oil at Iran’s Caspian Sea port

¹⁴ For more details on the economic perspectives of Tabriz-Yerevan gas pipeline see the subchapter “Economic Development and Prospects for Democracy in the South Caucasus”.

¹⁵ For more information on the disputes over the Caspian resources see the subchapter “Economic Development and Prospects for Democracy in the South Caucasus”.

of Neka and delivering to Russia's designated customers an equal volume of Iranian oil at the Iranian Persian Gulf oil terminals" (p.6). According to Peimani (2005) , among the factors that justify such a swap deal will include "lower cost of exports through swap deal via Iran compared to the high exporting cost oil... through the BTC and Neka's potential capacity of handling up to 700,000 barrels of crude oil a day" (p.6).

In other words, the above-mentioned projects are going to boost Iranian-Russian relations at the same time challenging the long-term viability of the BTC pipeline. Moreover, if these projects come true, they will not only help Russia increase its exports and oil-generated revenues without heavy investments in its oil-export infrastructure, but will also guarantee a significant income in transit fees for Iran. However, nowadays Russia is not interested in the economic development of Iran due to some security concerns.

The matter of fact is that, as Minasian (2003) states, in case of economic appropriate¹⁶ situation, Iran will be able to create WMD in ten years' period¹⁷. He goes on to state that "Moscow does not want Tehran to acquire WMD and delivery means able to reach Russian territory (the list includes a considerable number of medium-range missiles)... " (p.110).

In other words, though Moscow is accused of supporting Iran in its WMD programs, particularly with Buser power station, it is not of the Russian geopolitical interests to support Iran in its WMD technologies development. This is not to say that Moscow is going to put its efforts every time on the prevention of implementation of projects from which Iran will gain. This is just to say that the decision for Moscow to sign the above-mentioned two projects will depend also on the calculations of Russia's losses and gains from these projects both in economic and geostrategic terms.

¹⁶ Minasian (2003) talks about the possibility of having financial assistance of one billion dollars.

¹⁷ Minasian (2003) claims that dirty nuclear bombs can be created in shorter period. Yet the lethal effect of such weapon is lower than that of a standard nuclear warhead. Still they could effectively poison a city if denoted near the ground, leading to catastrophic consequences.

Azerbaijan, Georgia, Turkey and the US

Karagiannis (2004) states that “pipeline development has helped Georgia and Turkey to overcome bilateral problems and focus their efforts on improving political and security relations to their mutual benefit” (p13). He goes on to claim that in spite of the availability of some “signs of closeness, bilateral relations have been complicated by the presence of large Turkic and Muslim minorities within Georgia”¹⁸ (p.16).

The first ethnic minority, which will be discussed, is the Abkhazians, who seemed to destroy the prospects of cooperation between Georgia and Turkey. Particularly, as Karagiannis (2004) states, “The Abkhazians, partly Muslims, are seeking independence from Georgia and look to Turkey for support where there is a large Abkhazian community” (p.16). To support this argument, he talks about the fact that in 1992 Turks of the Abkhazian descent found the Caucasian-Abkhazian Solidarity Committee “to coordinate assistance given to Abkhazia and to assist in the development of relations between Turkey and the breakaway republic” (p.16).

In addition, Karagiannis (2004) brings the fact that in 1992 “demonstrations were held in Turkey against the Georgian invasion of Abkhazia and the passive attitude of the Turkish government” (p.16). Moreover, “hundreds of young Turks ... volunteered to fight in the breakaway republic and many more planned to emigrate there to regain their ancestral lands”¹⁹ (p.16).

¹⁸ Speaking about mutual closeness, Karagiannis (2004) means the mutual perceptions of being ally in the regional context. Particularly, he states that “From the Georgian point of view, Turkey could be a valuable ally in the region, aiding Tbilisi’s efforts to maintain its independence by acting as a counterbalance to the neo-imperial Russian policy in the Transcaucasus and providing Georgia with an alternative source of trade and investment... From the Turkish perspective, a democratic and stable Georgia could be a strategic partner in one of the world’s most disorderly areas, allowing Ankara to focus its attention ... less friendly, neighboring countries like Iran, Armenia and Syria” (p.15).

¹⁹ As evidence, Karagiannis (2004) calls upon the Abkhazian sources, which stated that an estimated one hundred and fifty men went from Turkey to fight in Abkhazia.

Furthermore, as Karagiannis (2004) states, “Turkey’s trade ties with Abkhazia have caused some concern to Tbilisi” (p.16). As evidence, the author talks about the signed agreement between Turkish company Kara-Elmas and the Abkhazian government on exploiting a coal mine in Abkhazia with estimated reserves of 3.8 million tons of high quality coal.

In spite of this seeming cause of tension, that is the presence in Turkey of large community of the Abkhazians that support Sukhumi in its campaign to achieve independence from Tbilisi, as Karagiannis (2004) states “Ankara has consistently expressed its support for Georgia’s territorial integrity” (p.17). Moreover, it seems that the construction of the BTC pipeline decreases the possibility of tension aggregation between Ankara and Tbilisi.

Another source of tension, according to Karagiannis (2004), is the repatriation of Meskhetian Turks²⁰. Particularly, as the author states, “The Georgian government has feared that allowing the returnees to settle on Samtskhe-Javakheti could encourage territorial claims from Ankara” (p.17).

In addition, according to Karagiannis (2004), the Meskhetian Turks repatriation “could provoke a conflict between the province’s large Armenian population and the newcomers that may force the Turkish government to intervene” (p. 18).

As for Georgia – Azerbaijan relationships, there were also tensions, which could hinder the construction of the BTC pipeline. According to Karagiannis (2004), the main source of the tension between Tbilisi and Baku is represented by the Azerbaijani minority, who populate the south-east part of Georgia.

The above-mentioned conclusion Karagiannis (2004) made due to some available facts. Particularly, he states that in 1989, in Georgia, Azerbaijani “minority leaders demanded

²⁰ According to Karagiannis (2004) , this “group has mixed origins; some are descended from Turks, others from Turkicized and Islamicized Georgians ... [who] lived in ... Samtskhe-Javakheti in south- west Georgia until... 1944 when they were deported to Central Asia... When Tbilisi was granted membership in the Council of Europe in... 1999, it undertook to facilitate the return to Georgia... those Meskhetian Turks who wished to settle there (p.17).

that the Azerbaijani-populated areas be given the status of an autonomous republic within Georgia, with the industrial city of Rustavi as its capital”²¹(p.18). He goes on to claim that “Ethnic tensions continued in south-east Georgia in the early 1990s, giving rise to serious tensions between Tbilisi and Baku”²²(p.18).

In spite of the exacerbating tension between Georgia and Azerbaijan, as Karagiannis (2004) states, neither the Georgian, nor the Azerbaijani government showed any interest in allowing the problem to aggravate. However, given the enmity that exists between Christian Georgians and Muslim Azerbaijanis in Marneuli, future demands for the province’s secession to Azerbaijan cannot be ruled out.

However, the possible causes of tension are not only within Georgian borders. Karagiannis (2004) states that in Turkey there are the Laz, ancient Georgian related subgroup, who live on the eastern Black Sea coast. There are also several hundred thousand Islamicized Georgians in the interior of north-east Turkey. According to Karagiannis (2004), though the above-mentioned ethnic groups do not show any interest in being reunited with Georgia, Georgian nationalists may in the future [make] irredentist claims on Turkish soil” (p.19).

Karagiannis (2004) concludes that in spite of the available or perspective tensions between Tbilisi and Ankara, and between Tbilisi and Baku, they consider bilateral relations too important to be spoiled by ethnic problems. More notably, neither Ankara, nor Baku will involve in Georgian domestic affairs since Georgia is the transit country of the Azerbaijani oil to the Turkish port of Ceyhan²³.

²¹ The talk is over Georgian Marneuli district.

²² In fact, clashes occurred in Marneuli district near Tbilisi in 1991 and an estimated eight hundred families left Georgia for Azerbaijan.

²³ In this sense it could be brought the ideas of Maysaia and Gogeliani (2000), who state that “Geopolitics is still topical, but geoeconomics is gradually is taking its place... The economic factor is gaining importance and is pushing, to a certain extent, political priorities and military security to background” (p.64). However, the above-mentioned ideas are not applicable to, for example, to Armenian-Azerbaijani relations, because as Lynch states the sides are “driven first and foremost by political and not economic imperatives” (p.841).

In the meso-level politics it will also be discussed the relationship between Ankara and Washington in the context of the establishment of communication routes. Karagiannis (2004) states that the American government favors the BTC project because much of the pipeline goes through Turkey, the only NATO member state in the region.

Moreover, it is assumed that BTC will bring huge revenues for Turkey. From Washington's perspective, this is in the interests of American foreign policy, because a strong Turkey represents a positive, secular model for the newly independent Turkic states of Central Asia.

In addition, Iran and Russia are both competitors of Azerbaijan in the international oil markets, so the development the east-west route that avoids both of these states is desirable for Washington.

Local or Micro Level Politics

Economic Development and the Prospects for Democracy in the South Caucasus

According to a recent IMF (2004) working paper, average real GDP growth from 1998 to 2004 for Armenia was 7.7 %, for Azerbaijan 9.7%, while for Georgia 4.9%. Before starting to discuss the economic implications of Tabriz-Yerevan gas pipeline on the Armenian economy and the possible economic consequences of the BTC on the Azerbaijani and Georgian economics there is need to pay attention to their geostrategic importance.

Particularly, as Baran (2002) states, for Armenia, Tabriz-Yerevan gas pipeline will ensure energetic security if the Georgian part of the Russian gas pipeline will be out of order for some matter.

As for the BTC, according to Khokhar and Wiberg-Jørgensen (2001), it (BTC) in geopolitical terms will ensure more energy independence from Russia.

Turning into the economic importance of Tabriz-Yerevan gas pipeline it should be stated that Iran was interested in the construction of Tabriz-Yerevan gas pipeline, the contract on the construction of which was signed on May 13, 2004 in Yerevan, because Iran had a hope to export its gas to the West via Armenia. It would be possible to fulfill this program if Iran-Armenia gas pipeline was constructed using 1200 mm diameter pipes. But due to the Russian pressure, Armenia changed the diameter to 700 at the last minute. This gives an opportunity to speak about a lost chance for Armenia to become a transit country. It is noticeable that a status of a transit country would bring to a significant real GDP growth for Armenia. Nowadays, what Armenia is supposed to do is to provide electricity in return for the Iranian gas.

The problem is more complicated in terms of the fact that besides the lost chance for Armenia to increase its budget significantly, Armenia lost the opportunity to Azerbaijan or Georgia. The situation around the Iranian gas is that Iran will not refuse the strategic goal of exporting gas to the European market and will start looking for another transit territory after Armenia's failure. The matter of the fact is that apart from Armenia, Azerbaijan and Georgia are the countries that can serve as such a territory, making Russia understand that they will support Iran in the matter of directing its gas to Europe. Certainly, all these are projects. In spite of that fact they indicate upon the following situation: Succumbing to Russian pressures, Armenia refused to take part in the game of the export of the Iranian gas to Europe. Iran could not refuse that game, but needed a partner. Since Armenian departure, the role of the partner was vacant and Azerbaijan and Georgia occupied it²⁴.

²⁴ In general, Azerbaijan and Georgia do not really need the program of Iranian gas exports to Europe. But the project is valuable for them in terms of the fact that it provides an opportunity for both countries to have a lever against Russia. To be more precise, Azerbaijan will have an opportunity to solve the Karabakh conflict in favor of Azerbaijan. Assuming that this development does not fit Russian interests, however, it can be argued that at

On the other hand, the BTC pipeline is going to contribute to the economic development both in Azerbaijan and Georgia. Particularly, the US EIA's report on Azerbaijan as of 2005, states that after the opening of the BTC pipeline, oil revenues will contribute to a doubling of the economy by 2008.

According to Antelava (2003), the BTC pipeline is going to bring 65 million dollars annual fees, in the case when its budget is about one billion dollars.

However, economic development is not a one side arrow. Particularly, if on the one hand, the construction of the BTC promises huge revenues for Georgia, environmental issues still remain. To be more precise, as Kochladze (2005) states, that there is a great probability that the BTC will leak. Going on she worries that the pipeline's engineers have chosen a safety material that chemically can not stick to the plastic exterior of the pipe. Moreover, after 40 year lifetime of the pipeline, the coating will peel off and let in water, and the pipe itself will corrode. She concludes that the result will be oil leaks and the poisoning of the local environment, including national parks and mineral springs such as Georgia's treasured Borjomi valley²⁵, home to a prospering mineral-water industry.

Kochladze (2005), in support of the argument of the disastrous impact that the BTC could have on the environmental situation in Georgia, brings the views of independent consultants, who claimed that there were four reported catastrophic failures of the liquid epoxy coating SPC 2888 system, which was used on large-diameter pipelines. As it is known, the BTC is a large-diameter pipeline.

least Russia will reduce arms supply to Armenia. In its turn, Georgia will demand some compromises on the Abkhazian and South Ossetian conflicts.

²⁵ Didebulidze and Tarkhan-Mouravi (2000) claim that there were five options how the BTC could go through the Georgian territory: Zestafoni-Akhaltzikhe, Khashuri-Vale, Kareli-Akhalkhalaki, via Borjomi, and Supsa-Chorokhi. They claim that from the purely economic point of view Georgia could gain from the longest Supsa-Chorokhi route. However, taking into consideration the need for ecological safety and cost-effectiveness of the route, the specialists gave preference to Zestafoni-Akhaltzikhe route.

Moreover, she goes on to bring the view of the BP consultant Derek Mortimore, who claimed about the possible difficulties that SPC 2888 could bring during the BTC exploitation.

In other words, the BTC could be profitable for Georgia only in the short-term perspective. If to believe that the BTC has 40 year lifetime, then it can be assumed that after that Georgia will not receive the estimated annual profits, but also will lose one of the most prosperous branches of its economy.

In the same way, there are huge impediments that Azerbaijan will face in the way to economic development. Particularly, Malysheva (2003) states that one of the main factors that contributes to the economic development is the economic diversification. However, Azerbaijani economy is not distinguished for a diversified economy. Indeed, the EIA figures on the investments in the Azerbaijani economy indicate upon the fact that foreign direct investment in Azerbaijan rose 30% to \$4.4 billion in 2004, of which over 97% occurred in the country's hydrocarbon sector.

It is noticeable that Azerbaijan claims to have revenues from the oil fields that in reality are disputable. Lee (2005) states that among other disputes on the delimitation of the Caspian Basin, there are such disputes between Azerbaijan and Iran, and between Azerbaijan and Turkmenistan.

Ginsburg and Troschke (2003) state that "A serious conflict situation between Tehran and Baku arose over the field that Azerbaijan calls the Alov-Araz-Chirag field" (p.152). In his turn Lee (2005) speaks about the dispute between Iran and Azerbaijan indicating upon the fact that the above-mentioned dispute in 2001 "reached the point of employing military means" (p.43). Particularly, on July 21, 2001, "Iran warned that it would prevent foreign firms from developing Alov/Araz/Chirag oilfields that Iran claims as its own... Two days later, an Iranian naval vessel forced two Azerbaijani oil exploration ships operated by the BP-

Amoco away from a disputed area of the Caspian Sea, and Iran then sent military aircraft twice into air space claimed by Azerbaijan”²⁶(p.43).

As Lee (2005) states, the dispute between Baku and Ashgabat dates back to 1997, when “President Niyazov of Turkmenistan claimed that the Azeri oilfield and part of the Chirag oilfield, which Ashgabat now calls Khazar and Osman, respectively, lay within Turkmenistan’s territory. The Azeri and Chirag oilfields were being developed by a BP-led consortium that had signed “the contract of the century” with ... SOCAR in... 1994” (p.41).

Lee (2005) goes on to state that in 1997 “SOCAR signed an agreement Russia’s “Lukoil” and “Rosneft” oil companies on developing the Serdar/Kyapaz oilfield. Turkmenistan steadfastly opposed to the agreement, demanding that the deal be annulled immediately” (p.41).

In addition, Lee (2005) states that “the territorial dispute between Azerbaijan and Turkmenistan over the Serdar/Kyapaz oilfield in the sea began to flare up in 2005. In January 2005, Turkmenistan approved a plan by Hill Energy, a Canadian company, to participate in the development of Serdar/ Kyapaz field... SOCAR stated that it had no doubt that the oilfield belonged to Azerbaijan and that Azerbaijan was going to develop it” (p.45). In other words, the revenue that Azerbaijan claims to have is exaggerated.

Moreover, as it was mentioned, the BTC was considered as the fourth economically viable route for the Caspian oil transport. In addition, as Malysheva (2003) states that in case if the price of oil per barrel falls to thirteen dollars, the Caspian oil exports via the BTC will be no longer profitable²⁷. Though in the short-term perspective EIA does not predict

²⁶ As Lee (2005) states, “soon after that incident... Turkey... sent ten F-5 fighters to stage and air show in the skies of Baku on August 24-25, 2001. The air show... was aimed at demonstrating Ankara’s support for Baku’s position on the Caspian issue... in August 2001, Elizabeth Jones, US assistant secretary for European and Eurasian affairs, stated that Washington would provide Azerbaijan with financial assistance for its border troops confronting Iran” (p.43).

²⁷ According to EIA International Energy Outlook (2005), the price of oil per barrel is about sixty dollars.

distinctive decrease in oil prices²⁸, in the long term perspective this trend is highly questionable. In that sense, the economic profitability of the BTC is also under a big question mark.

Furthermore, the key challenge for economic growth is the absence or almost the absence of the rule of law. The matter of fact is that for economic development to proceed, societies need fair and predictable rules to govern economic and social interactions. Talking about the post-Soviet states, Malysheva (2003) states that “While proclaiming the task of preserving stability and social harmony and using far from democratic measures to do this, the state suppresses society by depriving it of its rights and placing the citizens in direct or indirect dependence on the authorities. Hence weakly developed political forces expected to support and develop reforms, growing political instability and unpredictable future” (p.105). In that sense, Karasac (2002), speaking about the prospects of the economic development in Azerbaijan, claims that “impressive reserves do not translate into instant wealth” (p.16).

In other words, it is not expected that economic development both in Georgia and particularly in Azerbaijan will not be that much in order to shift the balance of power in the region. However, due to the fact that economic development is not going to be there at least in the near future perspective, its absence also is going to hinder the prospects of having a sustained democracy, thus democratic peace theory is not going show up its features there.

²⁸ According to EIA International Energy Outlook (2005), several factors have worked to keep world crude oil prices high in the near term. First, world petroleum demand grew at a robust 3.4 % (2.7 million barrels per day) in 2004 reflecting dramatic increases in China’s demand for oil-generating power and oil-based transportation fuels, as well as a rebound in the US oil demand. Moreover, geopolitical tensions in major oil producing countries, including the continuing war in Iraq and uncertain prospects for a return to normalcy in Iraq’s oil sector, and potential unrest in Nigeria and Venezuela contributes to the volatility in world oil markets.

Nationalism and Prospects for Democracy in the South Caucasus

As Rutland (1994) mentions “In Armenia democratization and nationalism advanced hand in hand” (p.14). Although many, as Elman (1997) mentions, particularly democratic peace theory proponents will state the incompatibility of war as a consequence of nationalist aspirations and democracy, nationalist sentiments, which led to war over the Nagorno-Karabakh region helped to facilitate the development of democracy in Armenia. The matter of fact is that the fate of Nagorno-Karabakh and desire to liberate it in order to annex it Armenia as Rutland (1994) further mentions was “the dominant factor determining the behavior of all social groups and political activists in Armenia, from dissidents to intellectuals to the established communist elites” (p.14). In other words, the Armenians saw their interest in the promotion of their national identity, which turned out to be a positive one in their struggle over democratic institutions²⁹.

Before going on to see the impact of that struggle over the establishment of democratic institutions, or to be more precise, to give arguments on the thesis, which comes to state the positive impact of nationalism on the democratization of Armenia, it is important to see the reasons of awakening of the Armenian national aspirations, which led to the process of democratization of the country.

As Schwartz (1994) argues, it was historiography, or to be more precise, it was relatively free conditions provided to historians to present the stages of historical development of different nationalities at the end of 1980s that played an important role in the nationalist movements, which contributed to the collapse of the Soviet Union. However,

²⁹ Kopstein and Lichbach (2000) mention “If someone defines herself primarily in ethnic terms, she will tend to care most about how people of her own ethnic group or nation fare in politics. She will tend to define her interests in ethnic terms” (p.12). They go further to say that identity groups (in this case as it has been shown identity and interest group coincide) “realize that institutions influence the outcome of their policy struggles over a path of development and, therefore, seek to retain or change institutions in order to get a political power needed to satisfy their interests and identities” (p.18).

during several decades histories of different Soviet nations written under the supervision of the Soviet leadership were “instrument[s] for reshaping national identity and... [for] mobilizing populist support for a new elite...”(p.2). On the other hand, as Schwartz (1994) argues, glasnost (openness), which was introduced by Gorbachev “as a technique of mobilizing opinion in support of perestroika” (p.3), removed official limits on historiography, creating a situation, where “Historians, intellectuals and political leaders began calling for new interpretations of national history which were more consistent with the use of history to preserve and give definition to the collective identity of their nations. History quickly became an instrument for legitimizing the distinctiveness of national groups and revealing the repressive and colonial nature with the centre” (p.3).

The above-mentioned process in the Armenian case was expressed by recognition of the Armenian scientific circles the fact that it was the map drawn by Soviet Russia at the beginning of twentieth century created new artificial borders, which were aimed by transferring Karabakh to Soviet Azerbaijan to create an atmosphere of mistrust and enmity between two neighbors: Armenia and Azerbaijan. This entire staff as part of the Armenian history was included in books as well as speeches of various publicists³⁰.

People, who were buying these books and, particularly, those, who were listening to speeches of so called “intelligentsia” in the Theatre Square, were absorbed by the idea of necessity to promote national interests. In addition to strongly expressed national feelings, as Rutland argues “it was Armenia... that saw the emergence of the first and most widespread movement for democratization” (p.15). The question which may arise here will be about the nature of relationship between nationalism and the process of democratization in Armenia.

³⁰ It should be motioned, however, that at the first stage of the nationalist movement the fact that Soviet Russia played a negative role in the resolution of the Karabakh conflict was not given a full appreciation. The best evidence is that Armenia sought Moscow’s help to detach Karabakh from Azerbaijan. This fact can be justified in terms of the fact that there was a common sense that it was Stalin that gave the Armenian lands as a gift to Azerbaijan, and it was Gorbachev that could solve the problem.

In order to avoid a mess of various arguments, or to be more precise to give them in a systematic way, there will be an attempt to go along the following path: First of all, there will be a talk about the nature of general features (for example, the fact that Armenian nation is a homogeneous entity) or state of affairs (nationalist mass mobilization) at the beginning of the Karabakh movement, which being inherent to the Armenian ‘identity group’ helped to follow the path of democratization. The next task would be to see whether the established institutions (for example, the creation of national army) were (and also is) compatible to the concept of democracy. Moreover, there will be an effort to distinguish speculations about Armenian nationalism, which will reveal whether nationalism had a positive or negative effect on the process of democratization in Armenia.

Speaking about Armenian people we usually refer to an ethnically homogeneous entity. The emphasis on this fact is important in explaining the positive role of the Armenian nationalism on the process of democratization.

Particularly, Parrott (1997), speaking about the relationship between nationalism and democratization, mentions “Democratization is liable to fail when efforts to dismantle the old state interact with the mobilization of large internal ‘ethnic’ diasporas and the emergence of ultra nationalism in internal ethnic ‘homeland’ to ignite large-scale violence. Democratization stands a greater chance of success when internal diasporas are small or are willing to be incorporated into successor states...” (p.28).

In other words, Armenia, having almost a homogeneous population was inclined towards democratization. At least, this fact could not prevent Armenia from leading the path of democratization. The counterexample, which is going to be the Georgian case, will come to restate the argument that homogenous nature of population only comes to facilitate the process of democratization.

Particularly, it should be mentioned that after getting independence Georgia experienced the rise of militias in its different parts (for example, Abkhazia, South Ossetia), which started to fight against each other and also against the center³¹. Of course, this process could not facilitate the process of democratization in Georgia. Even worse, it came to stagnate the newly emerging process of establishing viable democratic institutions.

Moreover, talking about a threat which nationalist mobilization poses to democracy, Bunce (2003) as evidence named cases of different countries including Georgia, particularly mentioning that “nationalist movement [here] excluded minorities residing within the republic; transformed some communists into nationalists, who then used nationalism to maintain authoritarian control; and constructed illiberal successor regimes while deconstructing successor states” (p.176).

If it was put emphasis on the role of nationalist mass mobilization on the process of democratization in Georgia, there is need to see whether the impact of this kind of mobilization on the process of democratization was negative or positive for the country of the current discussion –Armenia.

The argument, which I am going to bring for the Armenian case will be a mixture of the above-mentioned arguments. Particularly, if there was a homogenous population, which was eager to promote their national aspiration³², which was to annex Karabakh to Armenia there seemed to be neither majority, nor minority, neither winners, nor losers. The dominant factor for the behavior of all social groups and politicians as it has been already mentioned above was the settlement of the problem over the Nagorno-Karabakh region. Thus, this was

³¹ At this point it is important to stress that nationalism has center-periphery relations. In case of Karabakh conflict Armenia was both the center and also the periphery. The matter of fact is that the process of awakening of national aspirations started in the outlying region of Nagorno-Karabakh and then spread rapidly to a mobilized capital city of Armenia Yerevan. Yerevan itself in its relations with Moscow was the best expression of a periphery.

³² Note, that at the first stage of Karabakh movement there was no talk about the independence of Armenia.

an overall struggle over a cause, the success of which was guaranteed via the establishment of new democratic institutions.

What concerns the second part of Bunce's (2003) statement concerning the possibility to use nationalism in order to maintain the authoritarian rule will be discussed in the part, when it will be made an attempt to distinguish speculations about the Armenian nationalism³³.

Moreover, Bunce (2003) paying attention to timing of the expression of national aspirations during the way to democratization³⁴, he excludes Armenia from the discussion in terms of the fact that it comprises homogenous population.

A final point on the role of nationalist mass mobilization in the process of democratization there is need to go back to Bunce (2003), who claims that it is usually perceived that nationalist mass mobilization is a "threat to democracy on the ground that the logics of state building and democratization are contradictory..."(p.176). At this point it is important to bring Rutland's (1994) words about the fact that the Armenian nationalism "offers little support for functionalist or instrumentalist theories, which try to explain nationalism in terms of its utility state-building..." (p.15). He goes further to say that the Armenian case "provides powerful evidence for the influence of primordial identity stemming from ethnicity, language and a sense of shared history". Thus, if Armenian nationalism was not used primarily for state-building, there was no challenge for democratization.

³³ This is not to say that he speculates about the Armenian reality. On the other hand, his generalization although being based on the empirical evidence taken from the examples of different countries, is not applicable for the Armenian reality.

³⁴ He particularly mentions "by the time state socialism began to dissolve, the stage was already set for an unusually problematic transition to both democratic rule and independent statehood" (p.178). Stressing that his talk is over multiethnic societies he mentions that there was a possibility to have a soft transition to democracy in case "when nationalist mobilization began... later, in response to the weakening of the regime and the state..." (p.178).

As it could be noticed there was much talk about the positive role that plays a homogenous society in the process of Armenian democratization. It should be taken, however, into consideration the fact that homogenous society was defined only in ethnic and not social terms. This may lead some scientific circles to hypothesize that a part of this homogenous population would be against to any kind of change within the country, thus challenging the establishment of democratic institutions. The talk is over Armenian refugees, part of which still faces challenges of getting Armenian citizenship, thus being protected by the state.

Depending on empirical evidence it can be assumed that the vast majority of these refugees being dissatisfied by attention the state paid to them, could have become a force that challenged the institutional changes within the country. It should be mentioned, however, that it was not the case for Armenia. This is not to say that they did not have interests, or even worse, they were not able to determine them in order to struggle with the existing type of regime. The matter of fact is that they defined their interests in ethnic terms. Thus, in spite of the fact that they suffer, at least their interest, which was the rehabilitation of historical fairness, was satisfied. This is the cause why in spite of their poor living conditions Armenian refugees cannot consider the Armenian government as a source of evil.

The above-mentioned argument concerning the fact that in Armenian case refugees cannot become a force for 'dedemocratization' can be proved also by a counter example, which is going to be the Azerbaijani case.

The matter of fact is that, according to Rutland (1994), 350,000 Azerbaijani refugees³⁵ also suffer from poor living conditions. In addition to the Armenian case, their so called national aspirations, or to be more precise, their claim for the Nagorno-Karabakh region is unfulfilled. So, they are dissatisfied both with their living conditions and also with the fact

³⁵ The vast majority of refugees live in campuses near the Iranian border.

that the cause, for which they nowadays suffer, is not fulfilled. That is why Ilham Aliev after his election as the President of the Republic of Azerbaijan claimed about the necessity to give shelter to refugees. It is apparent that he made such a claim deliberately in order to avoid mass mobilization of refugees, which carries dangers of revolt against the current regime³⁶ .

There was much talk about the fact that identities and interests come to create new institutions. The question, which may arise here, would be about the nature of those institutions. Or for this particular discussion it will be more appropriate to discuss the role of created institutions, which seem to contradict the concept of democracy.

Particularly, I speak about the creation of the national army, or in a narrowed way about the concept of possible war that it carries. The problem is that whether war is something contradictory to the concept of democracy or not. The arguments or empirical evidence, which will be given below, will come to state the compatibility of the concepts of war and democracy.

As Elman (1997) states war is not an anti-democratic phenomenon. Bringing evidence, she stresses that “compared to states that remain autocracies, states that make the transitions from autocracy to democracy are more than twice as likely to be in war during the decade of democratization”³⁷ (p.30). In other words, Elman criticizes the proponents of democratic peace theory, who are used to claim that the concepts of democracy and war are incompatible.

Indeed, it is illogical of the state leaders not to think about the security of their country. For Armenian case the situation is more complicated. The matter of fact is that as Hertzig (1999) states “All three Caucasian countries suffer from the security problems typical of small states...” (p.49). At this point it will be important to bring Elman’s (1997) words

³⁶ In campuses, where there are only dissatisfied people, there is always a danger that these people eventually will find a leader to rebel against the government.

³⁷ Malin (1997) argues that autocratic regime can not be an obstacle to peace bringing the case of Iran-Iraqi conflict, which culminated in the 1975 Algiers Accord. This fact, as he claims, is an example of how non democracies can establish a peace founded on the shared norms of behavior.

expressed in another article, where she particularly says: “Great powers are relatively secure, and have the luxury of defining their interests in terms of ideological principles. By contrast, small states that risk occupation or extinction cannot afford to make foreign policy mistakes, and are thus more likely to base foreign policies on the strategic environment” (p.501). She goes further to say that empirical evidence shows that “small states that face severe external threats are more likely to exhibit foreign policies that diverge from the expectations of the democratic peace theory” (p.501).

Finally, it will be made an attempt to distinguish speculations that are considered as a negative impact of nationalism.

First of all, the talk is over such claims that nationalistic feelings made such devastating consequences that the Armenian people does not see their identity interests in terms of the nation, but in terms of particular area, where they live. More precisely, many are used to claim that the Armenians nowadays frequently use words like ‘kharabkhtci, aparantci, sasuntci’ etc. which come to mean, in their mind, an inhabitant of Karabakh, Aparan and Sasun respectively in a bad and not appropriate way, usually mentioning the features that in reality are not inherent to them.

As it is a scientific work let us work in that way. The suffix ‘tci’ together with a special noun which indicates particular area represents a separate noun meaning which area inhabitant is a person. Thus, if the language is the expression of peoples’ mentality, it can be easily said that Armenian people do not refer to their counterparts in a negative way.

On the other hand, it is not to say that these rumors do not have any logical origins. Of course, they have, but not in terms of nationalism. The matter of fact is that many people, particularly in Yerevan, feel that the inhabitants of Karabakh, for example, are given more privileges than they are entitled to enjoy. At this point it is important to stress that people should avoid making generalizations, which are going to disregard us a nation.

To sum up, in spite of the fact that nationalism usually comes to have devastating consequences for states and nations, which comprise them, in Armenian case it basically has a positive effect, because of realization of our national aspiration – of the Nagorno-Karabakh region. Moreover, nationalism had a positive effect on the big international arena too: As Pfaff states “nationalism is also the force which confounded and broke the imperialism of Lenin’s heirs, and Nazism’s domination in Europe in the 1940s” (p.14).

However, in spite of the fact that initially nationalism had a positive effect on the process of democratization in Armenia, according to Bunce (2003), even in the homogenous society it (nationalism) prevents the state from its way towards having a sustained democracy, particularly due to the fact that every and each action of the government can be justified in nationalistic terms.

The same situation can be seen in Azerbaijan. Though it does not have homogenous society, minorities available there do not show claims for territorial disintegration. In spite of that fact nationalistic sentiments are likely to be used by state officials for the promotion of particular interests.

As for Georgia, as it has been mentioned, the absence of homogenous society deprived it from the opportunity of the consolidation of democracy. The talk is over the conflicts over Abkhazia and South Ossetia³⁸.

As Lynch (2002) states, historical tradition, as represented by deep mutual distrust and hostility, is considered as the first internal factor driving parties (that is Abkhazia and South Ossetia on the one hand, and Georgia on the other) of the conflict to a warring state of affairs.

At this point it will be necessary to see whether other internal drivers stemming from current situation as it is perceived by Georgia and Abkhazia give any hope for overcoming conflict over Abkhazia.

³⁸ Though some researchers add also the Ajarian conflict to the above-mentioned two conflicts, the fact of the Ajarians to be ethnically Georgians, though religiously Muslim, gives a solid ground to exclude this conflict from the list.

First of all, the talk is about absolute sovereignty. Particularly, Lynch (2002) states that the post-Soviet de facto states insist on two legal sources of legitimacy and a historical/moral source to justify their claims of statehood.

Particularly, Lynch (2002) states that Abkhazia and South Ossetia among other post-Soviet de facto states fulfill the conditions of the Montevideo Convention on Rights and Duties of States³⁹ (except the fourth condition, which stems from the previous ones). What is of high importance, as Lynch (2002) states, is that in Abkhazia and South Ossetia, as well as in other de facto states the “amalgam of territory, population and government... has produced something that is greater than the sum of these parts – a deeply felt belief in sovereignty” (p.836).

The second source of legitimacy, as Lynch (2002) states, claimed by Abkhazia and South Ossetia is the right to self-determination. It is noticeable that being adhered to declaratory approach to the recognition, the Abkhazian government maintains that recognition does not create a state⁴⁰, but reflects the existing reality. As evidence to that Lynch (2002) brings the idea of Sokrat Jinjolia who being the Chairman of the Abkhazian Parliament stated: “We are independent. We have passed an act of independence. Non-recognition does not matter” (p.837). And if assume that the idea of self-determination found its place in the Constitution of Abkhazia, which was approved via referendum in 1994, it can be claimed that the idea of self-determination is backed by popular will.

Finally, as Lynch (2002) states, the Abkhazian, South Ossetian authorities, as well as authorities of other post-Soviet de facto states, insist on moral entitlement to self-determination because of the feeling of insecurity in face of alien metropolitan state.

What concerns Georgian vision of the Abkhazian future, as Nodia (1998) states, it is included in their national project. The national project, as Nodia (1998) explains, of modern

³⁹ The conditions are as follows: 1) permanent population; 2) defined territory; 3) a government; and 4) the capacity to enter into relations with other states.

⁴⁰ Constitutive approach holds that international recognition creates a state.

Georgia is that of a classical nation-state - it is based on the idea that "we only want what belongs to us, but what does belong to us, we will never give up". Abkhazia is Georgia, because it has always been part of Georgia when it was united. Georgians cannot see Abkhazia as a foreign land which was once conquered by them.

Thus, the Abkhazian attitude toward its status and Georgian vision of it are on the extreme poles.

In other words, though nationalism was a positive factor for the process of democratization, at least in Armenia, it became a devastating one in the way to achieve a sustained democracy in all three South Caucasian countries. Thus, the perceptions of external threat, available in the above-mentioned countries, do not give a solid ground to speak about the possibility of democratic peace theory to be workable there.

It is noticeable, however, Zakaria's (1997) idea on democratic peace. Particularly, he states that "the democratic peace is actually liberal peace" (p.36).

Thus, considering the last elections in Georgia and Abkhazia to be free and fair is not enough for the establishment of the rule of law, private property rights, separated powers, freedom of speech and assembly⁴¹. Particularly, Zakaria (1997) talks about the dangers of the absence of constitutional liberalism states that "[i]n societies without strong traditions of multiethnic groups or assimilation, it is easiest to organize support along racial, ethnic, or religious lines. Once an ethnic group is in power it tends to exclude other ethnic groups. Compromise seems impossible" (p.35).

⁴¹ Zakaria (1997) considers rule of law, private property rights, separated powers, freedom of speech and assembly to be important aspects of constitutional liberalism.

Conclusions and Recommendations

As far as it has been argued economic development contributes to the process of democratization. For the purposes of this research and also based on the calculations of international financial institutions, supposed main contributors to economic development in Georgia and Azerbaijan are oil pipelines. However, beyond simple numbers, there are huge impediments for both countries (the vivid impediment is a lack of rule of law) in order to proceed the process of economic development, hence the process of democratization. In other words, supposed economic development in the above-mentioned two countries is not going to shift the balance of power in the region, thus there is no need to draw over generalized threat implications for Armenia.

However, due to the fact that economic development is not going to be there at least in the near future perspective, its absence also is going to hinder the prospects of having a sustained democracy, thus democratic peace theory is not going to show up its features there.

The problem is more complicated by the prospects of nationalism in the South Caucasus. Particularly, homogeneous society is going to facilitate the process of democratization. However, in the long run the availability of nationalism is going to bring elements of authoritarianism in the society.

In other words, though the balance of power is not going to be that much shifted to pose a threat to Armenia in the long-term, this does not mean that Armenia finds itself in a very secure environment.

The matter of fact is that at least in the short-term period Azerbaijan's oil revenue will afford it to expand its military budget. What Armenia can do with its reality of lack of natural resources is to promote the rule of law in order to create a predictable environment for economic development. Doing so, in other words, in case of having a sustained democracy

Armenia can have a lever against oil, which for Azerbaijan in the long-term is not a real contributor to economic development.

Moreover, taking into consideration the current geopolitical interests of regional, as well as global powers, it is of paramount importance for Armenia in security terms to pursue politics of becoming transit country for Iranian gas.

In regard to east-west corridor, there is need for Armenia to be involved in railroad and highway construction plans. At this point it will be appropriate to bring Maksimenko's (2000) caution that "History has taught us that trade communications at the world crossing points may acquire military and strategic importance: trade routes turn into war paths" (p.61).

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