

REGIONAL SECURITY

HOW THE AUGUST WAR AFFECTED THE CAUCASUS

Nikolai SILAEV

*Ph.D. (Hist.), senior researcher
at the Center of Caucasian Studies,
Moscow State Institute of International Affairs
(Moscow, Russia)*

The August war had a paradoxical effect on the Caucasus. It turned the region into the main arena of the biggest international crisis in recent history. Russian-American relations had not reached such a critical point since the collapse of the Soviet Union. Some observers harked back to the Caribbean crisis of 1962. The test launching of Russia's Topol-M ballistic missile in response to the appearance of American war ships in the Black Sea; the turning point in the seemingly irreversible process of NATO's enlargement that became evident after Georgia and Ukraine were refused Membership Action Plans in December 2008; and the new tone of the latest American administration in its dealings with Moscow all indicate that global security issues were placed on the map in August and that we should appreciate the fact that this local and short-lived armed conflict helped to resolve (although

not entirely) such acute and far-reaching contradictions.

For the Caucasus, however, the situation looks different. Of course, the external changes, primarily the appearance of two new independent states, reflect the scope of the crisis. But the old contradictions have not been resolved, while several new ones have appeared. Soon after the Russian presidential decree on recognition of Abkhazia and South Ossetia as independent states was signed and publicized, Russian diplomats began talking about the successful settlement of two ethnopolitical conflicts. There are technical grounds for such an opinion. But only technical. Suffice it to say that nothing has been done to accommodate the Georgian refugees who left their homes in South Ossetia or the Ossetian refugees who cannot return to the republic because their homes have been destroyed and are still in ruins.

Abkhazia and South Ossetia (particularly the latter) risk repeating the fate of Northern Cyprus, which was recognized by Turkey but has been unable to rectify its economic underdevelopment or emerge from foreign political isolation.

There can be no doubt that such a fate is preferable to the ethnic cleansing that would threaten the Abkhazians and Ossetians if they found themselves back under Tbilisi's jurisdiction. But can such a fate be considered enviable?

In August 2008, Georgia underwent a defeat comparable to the collapse of statehood it experienced in the first half of the 1990s. Loss of a large portion of its territory, the blatant incompetence of its political and military leadership, and its disillusion about receiving any kind of significant assistance from the U.S. all gave rise to the national-state project that was being carried out in the country before. "The Georgian Way," which many in the region considered exemplary, turned into a complete fiasco. Whereby in Georgia itself the disaster was merely expressed in an emotional reaction and did not lead to reassessment of the previous strategy. The Georgian political elite is largely sticking to its former rhetoric and declaring its previous goals.

In August 2008, Russian-Georgian relations reached the lowest point in their entire history. After bottoming out, it would be logical to expect them to gradually normalize. But here we are a year later and even the embassies reopening seems like a remote prospect. And this is not

because Russian President Medvedev has directly stated his unwillingness to discuss anything with the current Georgian leader. The unfavorable personal compatibility between the Russian and Georgian leadership, which seemed to be a significant factor in bilateral relations before last August, has now receded into the background, or even further into the shadows. Neither of the sides has shown the desire to overcome the consequences of the conflict, their foreign political agendas are mutually exclusive. The extreme development of the trends in Russian-Georgian relations that became apparent even before August is continuing. The crisis did not resolve these contradictions either.

Broadly and metaphorically speaking, the Caucasus has not only failed to break out of its former rut, but has become even further entrenched in it. One of the fundamental questions that was resolved in August in South Ossetia was how actively and aggressively could the foreign players, primarily the U.S., carry out their policy in the region? Now Washington has learned a hard and bitter lesson which will force it to moderate its activity. But, having taught the Americans this lesson, Russia has found that its current approaches to exerting influence on the situation in the Southern Caucasus have exhausted themselves. The field is open to new players who until now have been standing by in the heavyweights' shadow. And Turkey's activation in the region is the first sign of this.

Insufficient Conditions for Sovereignty

Russia has recognized the independence of South Ossetia, which is the weakest of all the unrecognized state formations in the post-Soviet space. This is primarily due to two factors: the country's low level of economic development and its unsophisticated political system. This is explained by the difficult starting conditions in which South Ossetia found itself at the beginning of the 1990s, as well as by its long and exhausting opposition to Georgia in conditions when the front line (directly and indirectly) could literally pass along the streets of Tskhinvali and other settlements of the republic.

South Ossetia is experiencing a gradual decline in its population. The 1989 census registered 98,500 residents in the South Ossetian Autonomous Region. By the mid-2000s, the population of the unrecognized republic, according to A. Tsutsiev, amounted to 69,000 people, including 48,000 ethnic

Ossetians and 21,000 ethnic Georgians.¹ On the eve, during, and immediately after the hostilities, almost the entire Georgian population left the republic. According to the Federal Migration Service, in the winter of 2008-2009, there were approximately 8,000 Ossetian refugees from South Ossetia in Russia. It is unlikely that precise data on the size of the republic's population will appear soon. On the one hand, a large number of South Ossetian residents work or study outside the country, coming home only for a short time. While on the other, the size of the republic's population is the topic of a basically political argument between Tskhinvali and Tbilisi, which casts doubt on the figures presented by official sources on both sides of the conflict. In all likelihood, the most realistic figure is 40,000 people.

Cross-border trade (smuggling) through the Roki tunnel, which links the country to Russia, has long been the main source of existence for the residents of South Ossetia. The market in the Georgian village of Ergneti, which is on the southern outskirts of Tskhinvali, served as the main base for this trade. It was closed by the Georgian authorities in the summer of 2004. Although it has apparently been impossible to eliminate cross-border trade entirely (there are roads in South Ossetia that bypass the Georgian police posts), it was dealt a heavy blow and the republic's economic potential has been undermined. Between 2004 and 2008, the South Ossetian leadership was unable to set up other economic mechanisms. Their absence was compensated for by aid from Russia (its pre-war amount was not publicized) provided through the North Ossetian budget.

At present, cross-border trade has essentially stopped. The restoration program, on which Moscow is planning to spend 10 billion rubles, appears to be the only source of economic revival in the republic at present. If this money is used wisely with the help of local production, some of the demand for construction materials could be satisfied and an upswing in South Ossetia's construction industry ensured. But construction contracts will evidently be allocated in Moscow and it is here that the restoration plans will be formed. There is no guarantee that the republic's leadership will have enough lobby potential or administrative experience to ensure that some of the funds from the restored budget are invested in production in South Ossetia. Moreover, 1.5 billion rubles of the planned 10 billion have already been transferred,² but there have been so signs of its recuperating effect on the republic's economy.

There is no point in placing great hopes on the restoration of industrial production units in South Ossetia outside the construction industry. It still has mining industrial capacities left over from Soviet times. But in the conditions of the economic crisis, it will be difficult for the Russian leadership to find investors willing to put money into restoring these capacities. For example, in the Northern Caucasus, the state only managed to attract investments on "voluntary-compulsory" terms even when the foreign economic situation was favorable. Consequently, South Ossetia will fully depend in the next few years on direct budget inflows from Russia.

In other words, Russia is compensating for the critical shortage of economic conditions that could ensure South Ossetia's real sovereignty. This does not bother anyone. The autonomous republic declared its desire to be part of the Russian Federation back in 1992 and has not retreated from this intention since. The Kremlin is categorically against carrying out this scenario *de jure*, not wishing to be accused of annexing Georgian territory. But it would most likely accept its *de facto* implementation as inevitable.

The difficulty is that money infusions by themselves are not capable of creating an economic upswing. The experience of the Northern Caucasus (in particular Dagestan and Ingushetia) shows that if the corresponding institutional environment is lacking additional budget financing will not lead

¹ See: *Konflikty v Abkhazii i Iuzhnoi Osetii. Dokumenty 1989-2006 gg.*, Moscow, 2008. See map on the back flyleaf.

² See: M. Ararkov, "Osetinskiy finansovyi pirog," *Expert-online*, 30 April, 2009, available at [<http://www.expert.ru/articles/2009/04/30/Kokoity/>].

to the appearance of new or the expansion of old production units or to an increase in the number of jobs, but it will largely go to consumption. This approach will work only as a way to ensure stability in the short term, but not as a permanent development tool. We will emphasize that the North Caucasian regions are labor-surplus. South Ossetia, on the contrary, must hold onto its population and it will be difficult to do this by means of “money handouts” alone.

It is not clear whether South Ossetia will be able to create an institutional environment that will promote the productive spending of funds coming in from the outside.

An acute domestic political conflict is developing in South Ossetia. On 5 December, an interview with former secretary of the South Ossetian Security Council Anatoliy Barankevich was published in *Kommersant* newspaper. He accused President Eduard Kokoity of fleeing to Java during the storming of Tskhinvali by Georgian forces, of extremely inefficient organization of the restoration work, and of attempting to create an ironclad personal power regime.³ In response, Kokoity almost let it be known that Barankevich was in cahoots with the Georgian special services.⁴ In April 2009, there was a scandal in South Ossetia around the split in the People’s Party, which intended to take part in the parliamentary elections scheduled for 31 May. Two party congresses with different participants were held within the space of two days, whereby the authorities recognized as legal the congress in which the people loyal to Kokoity took part.⁵ In mid-May, when talking at the Rosbalt Information Agency in Moscow, representatives of the opposition—former prosecutor general Askhar Kochiev, member of parliament Fatima Margieva, and Anatoliy Barankevich—made several harsh statements against the South Ossetian authorities. In particular, Eduard Kokoity was accused of tyranny, embezzling the humanitarian aid provided by Russia, and more.⁶

The domestic political crisis showed that the South Ossetian political regime is not consolidated enough. Large influential groups in society are deprived of access to the government. Some years ago it was precisely this fact that made it possible for the Georgian leadership to set up the “temporary administration of South Ossetia” loyal to Tbilisi and headed by Dmitry Sanakoev, who used to be prime minister of South Ossetia. Today’s opposition has little in common with him. But in both cases it was obvious that prominent figures were being pushed outside the boundaries of the systemic political field. The statements of the opposition in themselves do not threaten Kokoity’s personal power, but the conflict situation leaves few opportunities for institution-building.

Moscow has been unable to resolve the problem of the ineffective institutions in the Northern Caucasus. It is more or less propitious personnel choices and not systemic decisions that are promoting the achievements in economic policy and higher quality of state management (Kabardino-Balkaria, to a lesser extent Adigey) in this region. And there is no reason to believe that the policy in South Ossetia will be any different.

Moscow (or, at least, influential groups in the federal bureaucracy) is not happy with Eduard Kokoity. On 23 November, soon after the conflict between Eduard Kokoity and Anatoliy Barankevich surfaced, a report that placed the region’s leader in a very unfavorable light was published by the Accounts Chamber on the results of an audit of the use of budget funds sent from Russia to restore South Ossetia.⁷ Incidentally, later another audit by the Accounts Chamber did not reveal any untar-

³ See: O. Allenova, “Ne mesto etomu prezidentu v Iuzhnoi Osetii,” *Kommersant*, 5 December, 2008, No. 222.

⁴ See: O. Allenova and A. Gabuev, “Eduard Kokoity: segodnia khotiat ukrast nashu pobedu,” *Kommersant*, 23 December, 2008, No. 234.

⁵ See: M. Plieva, “Narodnaia partiia Iuzhnoi Osetii stala ob’ektom dlia politicheskikh eksperimentov,” *Kavkazskiy uzul*, 13 April, 2009, available at [<http://south-ossetia.kavkaz-uzel.ru/articles/152868>].

⁶ See: “Oppozitsiia obiavit Iuzhnuui Osetiiu ‘mertvoi zonomi,’” *IA Rosbalt*, 15 May, 2009, available at [<http://www.rosbalt.ru/2009/05/15/640854.html>]; “Oppozitsiia: Iuzhnaia Osetiia prosit zashchity i pomoshchi Rossii,” *IA Rosbalt*, 15 May, 2009, available at [<http://www.rosbalt.ru/2009/05/15/640870.html>].

⁷ See: “Schetnaia palata proverila ispolzovanie sredstv na vosstanovlenie Iuzhnoi Osetii,” available at [<http://www.ach.gov.ru/news/archive/20081223-1/>].

geted spending of the allotted funds. On 14 May, 2009 (at the time a press conference of representatives of the South Ossetian opposition at Rosbalt Information Agency was held), head of the Russian presidential administration Sergey Naryshkin said in an interview to the TV station Vesti 24 that the upcoming elections “would confirm the chosen path toward independence, strengthening South Ossetian statehood and, most important, inviolability of the Constitution and its norms. As well as the impermissibility of making amendments to the Constitution to suit the whims of certain political changes.”⁸ There is a widespread opinion in the republic that Eduard Kokoity intends to cancel the constitutional provision after the parliamentary elections that prohibits the same person from occupying the post of president for more than two terms. The accent Naryshkin placed on the impermissibility of amendments to the basic law of South Ossetia can be interpreted as Moscow’s disapproval of these plans and possibly as the desire to see a different person as the republic’s president after the end of Kokoity’s term.

The sources of Moscow’s discontent could be twofold. On the one hand, restoration in South Ossetia is indeed going unbearably slowly. Compared to the rates at which refugees from the conflict zone are being accommodated in Georgia (by the winter of 2008-2009 they had all received housing), this puts Russia in an extremely unfavorable light. Not to mention the fact that South Ossetian residents are expressing their discontent not only with their own government, but also with the Russian leadership. On the other hand, Kokoity is demonstrating an uncompromising attitude about the procedure for spending the funds intended for restoration. In his opinion, the South Ossetian authorities should be their main distributor, while the Russian leadership prefers to create a special directory in Moscow that will allocate the contracts for restoration work.⁹

This standoff could be related to the conflict involving South Ossetian Prime Minister Aslan Bulatsev. Hailing from the FSB and former head of the North Ossetian Department of the Federal Tax Service, he became head of the government of South Ossetia in October 2008, but since then has essentially not begun performing his duties. Eduard Kokoity puts this down to health problems. But according to the version voiced by Oleg Teziev (the former prime minister of South Ossetia who was in conflict with the republic’s leader) in an interview to *Kommersant*, “Kokoity really did not want to see him in this post, understanding him to be Moscow’s eyes and ears, but he was unable to oppose Moscow. So he decided to render Bulatsev innocuous and take control of all the financial levers himself.”¹⁰

At the beginning of April, Kokoity said that he did not intend to make amendments to the South Ossetian constitution allowing him to run for a third term.¹¹ Since Sergey Naryshkin’s words about the inviolability of the republic’s constitution were voiced a month later, this shows that Moscow does not have very much faith in the promises made by the South Ossetian president. Even if he fulfills the wishes of the head of the Kremlin administration, his term does not run out until November 2011. It is very likely that the current development trends in South Ossetia will continue until that time, even if only because there is still no solution in sight to the inert standoff with respect to the distribution of restoration funds. The president’s early retirement might be an alternative, but that would most likely mean a conflict scenario over the transfer of power and would mean aggravation of the domestic political crisis.

It may be that only some of the upper Russian elite are not happy with the current president and that this is not the consolidated opinion of the country’s leadership. But this does not change anything

⁸ Sergey Naryshkin’s interview to “Vesti.” Full text available at [<http://www.vesti.ru/doc.html?id=284770>].

⁹ See: A. Gabuev, “Kontrolnaia dlia Tskhinvali,” *Kommersant*, 3 March, 2008, No. 37.

¹⁰ O. Allenova and S. Titov, “V Iuzhnoi Osetii vse bolshe byvshikh,” *Kommersant*, 5 December, 2008, No. 222.

¹¹ See: “Eduard Kokoity ne stanet prezidentom Iuzhnoi Osetii v tretii raz,” *IA Regnum*, 9 April, 2009, available at [<http://www.regnum.ru/news/1149036.html>].

since restoration of the republic will continue to be postponed and the domestic political weaknesses of the new state conserved.

If the current trends continue, South Ossetia risks becoming a territory on which only state power structures, a Russian military base, and the small number of people servicing it remain. South Ossetia's de facto transformation into a Russian region will not prevent events from developing along this scenario. Nevertheless, its significance for the strategic balance of forces in the Caucasus was largely determined by the fact that its residents were ready with arms in hand to defend their right to independence. The decline in the permanent population and inability of the authorities to restrain this process is also reducing the country's military-political potential. This could have long-term consequences for the current balance of forces in the region.

Dispute about Vectors

Compared with South Ossetia, Abkhazia has greater potential for ensuring real sovereignty. It has a more reliable economic base (tourism, export of agricultural products) and is less dependent on Russian economic assistance. According to a recent statement by Speaker of the Russian State Duma Boris Gryzlov, which he made during a visit to Sukhumi, "this (2009.—*N.S.*) year, Abkhazia's budget amounts to 3.8 billion rubles, 2.5 billion rubles of which are pledged by the Russian budget."¹² In so doing, a third of Abkhazia's budget is formed from its own tax base, which is a pretty good index.

Although many facilities in Abkhazia are still in a dilapidated state since the 1992-1993 war, the August hostilities bypassed it (apart from the upper part of the Kodori Pass occupied by its armed contingents, which was hit by artillery and aviation strikes on the eve of the storming). So the Abkhazian leadership does not have to organize urgent restoration work under the threat of a social explosion, as is happening in South Ossetia.

Finally, Abkhazia has a more mature, compared with South Ossetia, political system. At the end of 2004-beginning of 2005, Abkhazia went through a severe domestic political crisis. We will remind you that at that time the opposition headed by Sergey Bagapsh and Alexander Ankvab contended the election results, which made Raul Khajimba, puppet of the republic's first president Vladislav Ardzinba, the winner. They insisted the results were falsified. Despite the pressure from Russia, Bagapsh was able to uphold his position and won the repeat election, although he had to give Khajimba the post of vice president (Ankvab received the post of prime minister). The Abkhazian non-governmental organizations in favor of Bagapsh played a significant role in this stand-off. Abkhazia acquired the valuable experience of a peaceful transfer of power and avoided the emergence of a closed clan regime.

The independent media began encountering limited access to information on the part of the power structures just a few months after Bagapsh came to power.¹³ Press representatives have been reporting recently on cases of direct threats and pressure on them.¹⁴ But they are continuing to work and the opposition parties are openly carrying out their activity, especially as the outcome of the upcoming

¹² O. Allenova, "Abkhaziiu priglasili na Olimpiadu v Sochi," *Kommersant*, 19 May, 2009, No. 87.

¹³ See: N. Venediktova, "Sredstva massovoi informatsii Abkhazii v 2007 godu," report from the Center for Journalism in Extreme Situations, available at [<http://www.cjes.ru/bulletins/?bid=2566&lang=rus>].

¹⁴ See: "Rodstvenniki prezidenta nachali predvybornuiu kampaniiu: obzor SMI Abkhazii," *IA Regnum*, 22 February, 2009, available at [<http://www.regnum.ru/news/1128283.html>].

presidential election next year is not clear. In terms of its institutional development, Abkhazia is no less developed than Georgia, at least, and is much more developed than South Ossetia and other regions of the Northern Caucasus.

Abkhazia traditionally has a diversified system of foreign relations. In addition to Russia, it maintains contacts (unofficial) with Turkey, which is promoted by the existence of a large Abkhazian diaspora in this country. The Adighe national movement is rendering Sukhumi immense support. In October 2008, during the extremely hardline international discussion about Abkhazia and South Ossetia, the Federation of European Circassians organized a meeting between the Abkhazian delegation and deputies of the European parliament. Abkhazia was represented by presidential advisor for foreign policy Viacheslav Chirikba and deputy foreign minister Maksim Gvinjia.¹⁵

Abkhazia has also established contacts with the European Union countries. Last June, EU High Representative for the Common Foreign and Security Policy Javier Solana visited Sukhumi. He talked with Abkhazian leader Sergey Bagapsh for about an hour and summed up the experience as a splendid dialog with the Abkhazian leader. Later Bagapsh visited Paris on the invitation of Xorus Press, publisher of *Foreign Policy France*, and held several meetings in the French capital with experts and businessmen, while foreign minister Sergey Shamba visited Sweden.¹⁶ This was largely a local outburst of interest in Abkhazia on the part of Brussels and the EU member states, which was explained by the growing intensity of various consultations on ways to settle the Georgian-Abkhazian conflict. But it should be noted that Sukhumi willingly entered a dialog with the European representatives, while the level of these representatives was quite high.

Nevertheless, Abkhazia's formation as an independent state in the near future does not promise to be smooth. There are several reasons for this.

First, Abkhazia is encountering serious challenges with respect to preserving the elements of economic sovereignty it currently has. There has been a boom in recent years in the real estate market to the north of the river Psou, on the Black Sea coast of the Krasnodar Territory, which only the economic crisis in Russia put the damper on. However, Russia's recognition of the republic's independence may help to extend this boom to Abkhazia's Black Sea coast, which is underdeveloped compared with Sochi. At present, the appearance at the Abkhazian border of a tsunami of money created by Russia is only being prevented by the shortage of funds from potential investors, the vague prospects of the Russian real estate market itself, and the legislative restrictions on real estate transactions for non-Abkhazian citizens (Russian citizens and the citizens of other countries can only buy real estate in Abkhazia through nominees).

Land is Abkhazia's main economic resource. If it loses control over it, the Abkhazian elite could also lose control over the republic. Competition over land is becoming aggravated. Recently a Greek national organization talked about the rights to land of Greeks who left Abkhazia in the 1990s.¹⁷

Legislative regulation of the right to land is becoming one of the main topics on the domestic agenda in Abkhazia. The Party of Economic Development that recently appeared headed by Beslan Butba accused Sergey Bagapsh of plans to introduce free sale of land to foreign citizens and criticized him for his decision to transfer Abkhazia's railroad to Russia's OAO "RZhD" state railroad company.¹⁸ The agreement entered with Russia on joint protection of the border is giving rise to disputes in

¹⁵ See: V. Pop, "Abkhazians Call for Recognition in European Parliament," *European Observer*, 7 October, 2008, available at [<http://euobserver.com/9/26877>].

¹⁶ See: "Zapad kliuet na ulovki Gruzii: Abkhazia za nedeliu," *IA Regnum*, 27 June, 2009, available at [<http://www.regnum.ru/news/1020729.html>].

¹⁷ See: Kh.G. Politidis, "Dioskuriada... Abkhazia... rodina!" *Mezhdunarodnaia evreiskaia gazeta*, April 2009, Nos. 1-2.

¹⁸ See: "Partiia ekonomicheskogo razvitiia Abkhazii kritikuet vneshniuiu politiku prezidenta Bagapsha," *IA Regnum*, 18 May, 2009, available at [www.regnum.ru/news/1164556.html].

Abkhazia—according to some sources, the Abkhazian organizations operating in Turkey are dissatisfied with this decision.¹⁹

The Forum of Abkhazia's National Unity Party and the Aruaa public organization of 1992-1993 war veterans, which are close to vice president Raul Khajimba, announced that they might demand the president's retirement. "Why do we need a government that is consistently transferring all the functions that ensure the sovereignty and independence of our state to foreign management?" says the statement about the transfer of Abkhazia's railroad to OAO "RZhD" and similar plans with respect to the Sukhumi airport.

The president is also blamed for the talks with representatives of Tbilisi and Brussels on the eve of the August war and almost for attempting to enter a conspiracy with Georgia: "The Abkhazian leadership held talks with Georgia on transferring the Kodori Pass to the control of international forces. During Georgian representative I. Alasaniia's secret visit to Abkhazia, a corresponding document was prepared. Work on it was continued in Stockholm. These meetings were held with the assistance of the U.S. and the European Union, which in itself led to an expansion of the format of the talks and a reduction in Russia's role in the settlement. It is no accident that the Danish and German foreign ministers, as well as EU High Commissioner Javier Solana, visited Abkhazia at this time. But these plans were fortunately undermined. In August 2008, Russia, when repelling Georgia's armed aggression, recognized Abkhazia's and South Ossetia's independence. In so doing, it can be stated that if Abkhazia had managed to sign the agreement with Georgia, there could have been no recognition of our independence."²⁰

It is difficult not to describe the criticism by the Forum of Abkhazia's National Unity and Aruaa as eclectic—Bagapsh is accused at the same time of pursuing an insufficiently pro-Russian foreign policy and of transferring strategic facilities to Moscow's control. But this reflects a possible domestic political clash about the choice of the republic's further development path. Most of the Abkhazian elite, to which the president most likely belongs, is striving to carry out a multi-vector and diversified foreign policy as before. First, because this policy could promote wider international recognition of the republic's independence. Second, because it would help to avoid extreme dependence on Moscow. It is doubtful that Abkhazia has forgotten the events of the end of 2004-beginning of 2005 when Moscow openly and rather grossly interfered in the elections in the republic and does not want to repeat this experience. On the other hand, some Russian politicians are worried that Abkhazia will begin showing too much independence, try to draw closer to the West, and so on.

The widespread expansion of Russian state companies in Abkhazia (in addition to OAO "RZhD", Rosneft also intends to carry out its projects in the republic)²¹ is dictated to a large degree by political considerations. In this respect, the fact that Vice President Khajimba, who for several years remained a "sleeping" political player, has been showing more activity during the last year is drawing attention to itself. The organizations close to him have been repeatedly criticizing the multi-vector nature of Abkhazia's foreign policy and calling for exclusive orientation toward Moscow. Keeping in mind Khajimba's role in the conflict around the last presidential election in Abkhazia, his increased activity could be a warning to the president by some of the Russian political elite not to become too carried away with diversifying foreign political ties and a multi-vector policy.

At the same time, the fact that representatives of various political forces are making active use of the agreements with OAO "RZhD" to apply pressure on the president shows that many people in

¹⁹ See: "V Abkhazii soglashenie s Rossiei o sovместnoi okhrane granitsy podvergaetsia kritike," *IA Regnum*, 16 May, 2008, available at [<http://regnum.ru/news/1164288.html>].

²⁰ "V Abkhazii mogut potrebovat otstavki prezidenta," *IA Regnum*, 18 May, 2009, available at [<http://regnum.ru/news/1164898.html>].

²¹ See: *IA Interfax*, 15 May, 2009.

Abkhazia are indeed worried about the country becoming too dependent on Russia. Of course, there is no need at present to talk about any major shifts in the position of official Sukhumi. But nor can the likelihood be fully excluded that since Russia has recognized the country's independence the Abkhazian leadership will begin to look for ways to retain at least some room for maneuver in its foreign policy. This might significantly complicate the political game in the Caucasus and create conditions for the appearance of new acute contradictions among the players.

Unrecognized Disaster and the "Power Trap"

"We fired about 250,000 people as a result of our reforms. A big percentage of these people have not managed to find themselves in the new economy. Fighting corruption and crime, we put thousands of people in jail. In Tbilisi alone we convicted 8,000 people; all of their relatives are outside today, asking me to resign," said Georgian President Mikhail Saakashvili in an interview to *Newsweek*, which he gave at the height of the opposition demonstration in the Georgian capital.²² The president essentially admitted that the reforms (no matter how external observers assess them) have caused a split in Georgian society.

This split made itself known in November 2007 when the police dispersed opposition meetings in Tbilisi. This crisis became aggravated after the presidential and parliamentary elections in 2008, since the efforts to build Mikhail Saakashvili's personal power regime continued and intensified. We will note that the imbalance in the political decision-making mechanism in Georgia and the large spontaneous component in it contributed to the August disaster.

According to former Georgian prime minister Zurab Nougaideli, in the second half of 2008 foreign direct investments in the country dropped from one billion to several tens of millions of dollars, and, according to the 2009 results, an economic slump of around 5% can be expected.²³ Foreign direct investments, as Nougaideli believes, were the main driving force behind the growth of the Georgian economy in recent years, but in the conditions of the global economic crisis this driving force stopped working.

By the time Georgia felt the consequences of the military operation in South Ossetia, fundamental and long-term crisis trends had already made themselves known in the country. Meanwhile, August was the defeat of the nation-state project being carried out in Georgia during the past two decades, beginning with Zviad Gamsakhurdia's ascent to power. The essence of this project is a de facto unitary state within the boundaries of the former Georgian S.S.R., integrated into Western international military and political institutions and seeing Russia as the main threat to its sovereignty.

Mikhail Saakashvili tried to carry out this project as fully as possible. The promises to return Abkhazia and South Ossetia to the jurisdiction of Tbilisi before the end of his presidential term, which he gave in both his inaugural speeches, created a situation when the success of nation-state building was tested by the government's ability to carry out an efficient policy to return the break-away autonomies to its control. Due to this a situation developed whereby return of the territories became the condition on which the solvency of Georgia's national statehood depended, and not

²² See: A. Nemtsova, "Mikhail Saakashvili: Where Are My Western Friends?" *Newsweek*, 20 April, 2009, available at [<http://www.newsweek.com/id/193509/page/>].

²³ Interview with Zurab Nougaideli, Tbilisi, 22 February, 2009.

the formation of a democratic, law-based, and internationally responsible state. In addition, efficient economic development of the country was considered a condition for resolving the territorial problem.

The feeble nature of the current domestic political crisis in Georgia and the often tragicomic events on the streets of Tbilisi should not disillusion us. Georgian society and the state are going through a severe disaster. Worst of all is the fact that the crisis is proving fruitless. It is not giving rise to new ideas, approaches, or leaders, it is not helping to create a new paradigm of national development.

In the fall of 2007, the opposition put forward drafts of institutional amendments in Georgia (transfer to a parliamentary republic, reform of the election system, and so on). Now the only demand on the agenda is Saakashvili's resignation. But the absence of any specific positive program is dooming the oppositionists to failure. As for the presidential team, its inability to carry out even a partial re-examination of the current approaches in domestic policy (with their improvisation, closed decision-making mechanisms, and authoritative measures) is making Mikhail Saakashvili "a lame duck" long before the expiration of his constitutional term in office and is not leaving him any opportunity to make strong moves that might help to overcome the crisis.

The matter here does not only concern the personal qualities of the current Georgian politicians. The formation of a new paradigm of national development demands answers from Georgian society and the political community to a set of extremely difficult questions. How can economic policy be built in order to overcome the marginalization of those 250,000 people who were fired that Mikhail Saakashvili talked about in his interview to the American magazine? It stands to reason that this figure should largely be considered provisional, but this does not stop the problem itself from being provisional. How can the representation of their political interests be ensured and, in so doing, the political regime consolidated? How, by making a compromise with the "former," can the real achievements of the Rose Revolution be retained—the achievements in the fight against grass-roots corruption, in lowering the administrative barriers for business, in curbing crime? How can Georgian-Russian relations overcome the destructive context for Georgia of the standoff between Moscow and Washington? The latter requires a re-examination of the goals and tasks the Georgian elite is currently adopting concerning Euro-Atlantic integration, and this already shows how difficult it will be to achieve a new consensus in Georgia.

At present Tbilisi is continuing to place its stakes on confrontation with Moscow. The practical manifestations of this policy, to the extent they can be judged, vary from an uncompromising diplomatic standoff on all the international fronts accessible to Georgian diplomacy to attempts to have a destabilizing influence in the Northern Caucasus. Such a policy can hardly be called realistic. In essence, it proceeds from counting on a hypothetical disaster in Russia, whereby it would experience such a profound domestic political crisis that it would be on the brink of disintegration. It is presumed that in such conditions it would either be forced to fulfill the demands of Georgia's Western allies and rescind the decision to recognize Abkhazia and South Ossetia (with consequent internationalization of both conflicts) or it would be unable to carry out military intervention in the republics in the event of a new operation by Tbilisi aimed at their forced return to its control.

In other words, the Georgian authorities are hoping for something similar to the collapse of the Soviet Union. But, despite the understandable economic difficulties, contemporary Russia is not showing any signs of such a scenario. Not to mention that a disaster of such scope is not an everyday occurrence in world history and building foreign policy on such a hypothesis is not very sensible.

It is possible that Russia could help Tbilisi to develop a more realistic position by taking steps to reduce the degree of confrontation in the relations between the two countries, without, of

course, touching on questions relating to the status of Abkhazia and South Ossetia, which are of principal importance for Russia. For example, the ban on access of several Georgian goods to the Russian market has clearly exhausted itself. There is nothing to prevent Russia from taking such steps to alleviate the confrontation. But nor are there sufficient stimuli either. And this shows some of the weak sides of Russia's current position in the Caucasus that have still not been reckoned with.

Creating military bases in Abkhazia and South Ossetia would help Russia to resolve its significant problem of security in this region. In conditions where Georgia does not recognize the independence of the two republics, the two bases are hindering its membership in NATO.

- First, if it takes Georgia on board, the North Atlantic Alliance will have to face the fact that there are Russian troops on part of the territory it recognizes as a member state. Such a volatile situation makes it potentially dangerous for NATO and Russian military hardware to be in direct proximity of each other, particularly if we keep in mind the frequent armed incidents on Abkhazia and South Ossetia's borders with Georgia. It is unlikely that NATO will take such a risk.
- Second, the military base in South Ossetia is several dozen kilometers from the Georgian capital and several kilometers from the railroads and highways that link the east of the country and its capital with the sea and western regions. This largely devaluates Georgia in the U.S.'s eyes as a springboard in the Caucasus. Such great limitations on Georgia's entry into NATO remove enlargement of the block in other countries of the region from the agenda: without a country that occupies such an important strategic position, such enlargement is deprived of any practical meaning.

Georgia was one of the driving forces in the GUAM organization (Georgia, Ukraine, Azerbaijan, and Moldova) and actively filled the action plan of this bloc with vectors advantageous to it. In particular, it put forward the idea of creating peacekeeping forces in it. The August crisis caused actual self-liquidation of the bloc, which was unable to form a coherent position regarding the events in South Ossetia. GUAM is unlikely to recover from such a blow. The energy and transportation infrastructure projects it was participating in will continue, but they will lose their former political component.

Political associations like GUAM which bring to mind the term "sanitary cordon" will appear but they will be situational and unstable. For example, the spontaneous and institutionally unformed alliance of three Baltic states, Poland, Ukraine, and Georgia, is largely motivated by the personal political ambitions of the Ukrainian and Polish presidents Viktor Yushchenko and Lech Kaczyński. The departure of these politicians from the stage will mean the collapse or radical reformation of the alliance itself. Moscow can add this result of the August conflict to its assets as well.

At the same time, it is obvious that Russia's new position in the region is largely (if not exclusively) ensured by force mechanisms. The presence of military bases in Abkhazia and South Ossetia, recognized only by Russia and Nicaragua, as well as the predictability of the political processes in these two republics are critically important to it. If Russia increases its influence, this will require diplomatic "extension." Otherwise the Kremlin will find itself in a "power trap," when, after resolving its most pressing security problems, it loses the opportunity to further develop its policy in the region.

Theoretically this goal could be achieved either by means of major changes in Russian-Georgian relations (which is extremely difficult in today's conditions) or by increasing diplomatic activity in the Armenian and Azeri vectors (keeping in mind the prospect of Georgia's regional isolation).

Armenia's position during and after the August crisis proved more complicated than could have been imagined. On the one hand, the Nagorno-Karabakh factor is forcing Erevan, at least, to take an interested look at Abkhazia and South Ossetia's acquisition of independence. On the other hand, the country's extreme dependence on transit through Georgia means that it must maintain good relations with Georgia.

Armenian-Georgian interstate relations, which were almost non-existent before August, began to undergo development following it. Suffice it to say that at the end of September 2008, Armenia and Georgia reached an agreement on building an Erevan-Akhalkalaki-Batumi road, and Erevan began looking for financing for this project.²⁴ This road is important both for Armenia (it will expand its access to the Black Sea ports) and for Georgia (it will provide an additional transport route linking the east and the west of the country and passing far from the Russian military base in South Ossetia). We will note that Armenia's dependence on Georgian transit has made consolidated international-legal recognition of Abkhazia and South Ossetia as member states of the Collective Security Treaty Organization (CSTO) impossible. By recognizing Abkhazia and South Ossetia, Armenia, a CSTO member, would automatically doom itself to a transport blockade by Georgia, which would have extremely serious economic consequences for it.

There can be no talk about such regional isolation for Georgia at least until Armenia's relations with Ankara and Baku have been normalized. Possible unblocking of the Armenian-Turkish border, the prospect of which appeared after the April statement of the foreign ministers of both countries, would make it possible to decrease Armenia's dependence on transit through Georgia. But it would also objectively weaken Armenia's ties with Russia, the complicated relations between Erevan and its close neighbors being one of the determining factors in these ties.

Movement is clearly visible in the Karabakh direction. The political declaration on settlement of the Nagorno-Karabakh conflict signed in Moscow in November 2008 and the meeting between the heads of Armenia and Azerbaijan, Serge Sargsian and Ilham Aliev, in the Russian capital in April 2009 indicate Moscow's willingness to actively assist in resolving the conflict. At present it is difficult to say how stable this trend will be. We will only note that Russia was unable to take advantage of the August events to achieve peaceful and mutually acceptable settlement of another ethnopolitical conflict in the post-Soviet expanse—the Transnistrian. Whereby its influence on the situation involving Transnistria is much higher than the influence it could have on Baku and Erevan.

This is perhaps the first time in its post-Soviet history that Russia is encountering such a clear imbalance between the tools of tough and soft power and such an urgent need to compensate for the shortage of the latter. If this challenge is recognized and an adequate response is made, Moscow will have the chance to channel the military achievements of August into a strictly political vector. If this does not happen, it will run the risk of reducing the sphere of its influence in the Transcaucasus to the territory of Abkhazia and South Ossetia.

²⁴ See: L. Ovanisian, "Stroitelstvo dorogi Erevan-Batumi planiruetsia zakonchit za dva goda," *Kavkazskiy uzel*, 6 October, 2008, available at [<http://www.kavkaz-uzel.ru/newstext/news/id/1230445.html>].