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The terms “Iranian Azerbaijan” and “South Azerbaijan” appeared in the historical texts in the early 19th century when Russia’s interest in the area’s Caspian coast first developed into Peter the Great’s Persian March of 1722-1723; later the attempts to expand Russia’s domains beyond the Great Caucasus Mountain Range led to two Russo-Iranian wars. They caused havoc in the Azeri khanates formed after the death of Nadir Shah in 1747; by the early 19th century they had already established themselves as independent states. The Qajar Dynasty that came to power in Iran and Russia’s expansionist Caucasus policies threatened their continued independent existence. Under the Gulistan Peace Treaty of 1813, which ended the first Russo-Iranian war of 1804-1813, the Qajars abandoned their claims to the Karabakh, Ganja, Sheki, and Talysh khanates. The Qajars lost the Second Russo-
Iranian war (1826-1828) too. Under the Turkmanchay Treaty of 1828, Russia established its domination in the Nakhchivan and Irevan khanates and the Ordubad District. This divided the historical territories of Azerbaijan into North Azerbaijan (to the north of the Arax River), as part of the Russian Empire, and the lands to the south of the Arax that remained in Iran’s possession. This created the terms Russian or North Azerbaijan and Iranian or South Azerbaijan.

The Soviet Union inherited much from czarist Russia: Eastern policy was determined by imperial geopolitical priorities and security and economic issues. In June 1920, the Gilan Soviet Republic fell, which put an end to the frenzied attempts to spread socialist ideas to Iran. On 26 February, 1921, Soviet Russia had to sign a treaty with Iran (which shamelessly copied the British-Russian agreement of 1908); it divided the country into zones of influence; Russia preserved the economic concessions inherited from the previous regime and the right to introduce its troops into Iran’s northern territories (its capital Tehran included) in the “interests of self-defense” in case of a threat from third countries. It was this point that allowed the Soviet Union to bring its troops into Iran in August 1941.

Soviet Troops Enter Iran

It was during the Soviet Union’s “friendship” with Nazi Germany that the Soviet Union planned to occupy Iran or even Sovietize it (at least its northeastern areas), as the archive documents suggest. Moscow was contemplating “re-unification” of Soviet Azerbaijan with Iran’s northwest, which had a predominantly Azeri population (in the fall of 1939 this model was applied to Poland’s annexed eastern parts “re-united” with the Ukrainian S.S.R. and Byelorussian S.S.R.).

Documents found in the archives of the Communist Party and state structures of Azerbaijan, including the archives of the security services, testify that Mir Jafar Bagirov, who headed the republic at that time, regarded the imminent occupation of Azerbaijan as a historic chance to unite Iranian Azerbaijan and the Azerbaijan S.S.R. In September 1941, when talking to the members of a mission dispatched to Iran, he deemed it necessary to point out that the largest Iranian cities (Qazvin, Urmia, Mianeh, Miraga, Tabriz, Ardabil, Salmas, Hoy, Anzali, and others) “were the home of our ancestors. To tell you the truth, Tehran is an ancient Azeri city.” In May-June 1941, a mission of 3,816 civilians organized in 52 brigades was set up in the Azerbaijani Soviet Republic to be sent to South Azerbaijan: it included 82 communist party functionaries; 100 employees of Soviet organizations; 200 officers of secret services; 400 militia members; 70 officials of the public prosecutor structures; 90 judges; 150 editors and workers of print shops; 245 railway men, and 42 geologists specializing in oil prospecting. Aziz Aliyev, Secretary of the C.C. C.P. (B.) of Azerbaijan, was appointed the mission’s head.

Hitler’s surprise attack of 22 June, 1941 disrupted Stalin’s plans and changed his priorities: survival, rather than annexation and Sovietization of new territories, was at the top of the list. On 25 August, 1941, the Soviet Union and Great Britain occupied Iran under a preliminary agreement. They wanted to remove Iranian Shah Reza Pahlavi, known for his German bias, from power to establish British control over the oilfields in the country’s south and the strategic corridor that connected the two countries, members of the anti-Hitler coalition.

Documents from Baku archives testify that at first the Azerbaijani leaders, and not only them, remained convinced that “reunification” was still possible. Bagirov even sent a group of secret service officers to Iranian Azerbaijan under Stepan Emel’ianov, head of the state security structures of the

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2 See: Rezervnye spiski po dolzhnostiam rukovodiashchikh rabotnikov partizynkh, gosbezopanosti, narkomvnutdela i dr. na zagrankomandirovku v Iran. 1941 g., SAPPM AR, rec. gr. 1, inv. 89, f. 33, sheets 1-269.
Azerbaijanian S.S.R. His efforts were in vain: there was no unanimous agreement in Moscow on the issue. People’s Commissar for Foreign Affairs of the Soviet Union Viacheslav Molotov probably believed that the policy of “reunification” of Azerbaijan and “flirtation with the Kurdish issue” would contradict the Soviet Union’s new priority, its alliance with Great Britain. The People’s Commissariat for Foreign Affairs and the Soviet ambassador consistently promoted the point of view. Stalin was of two minds. Encouraged by the successful Soviet counteroffensive on Moscow late in 1941, the general situation on the fronts, and the fact that the United States had joined the anti-Hitler coalition, he was thinking about Soviet postwar expansionist policies and the potential role of the coalition in them. On 9 December, 1941 Georgi Dimitrov, Head of the Comintern Executive Committee, sent the following ciphered message to Stalin, Molotov, Beria, and Malenkov: "A group of Iranian communists and former political prisoners has begun restoring the Communist Party of Iran. They set up an interim bureau, entrusted one of them (Artashes Ovanesian) with the task of maintaining contact with the Comintern Executive Committee and asked us for directives. They also wanted our prompt permission to send their delegate to the Comintern. According to the personnel department of the Comintern Executive Committee and the information supplied by officials of the People’s Commissariat for Internal Affairs, who have contacts with these people, all of these Iranian communists can be described as devoted revolutionaries and pro-Soviet people.

"Simultaneously, democratic politician Suleyman Mirza set up in Iran a People’s Party with a democratic program. He has been engaged in the struggle for democracy in Iran for the past 30 years; some of the Iranian communists have been involved in the process. "We believe that in view of Iran’s special conditions (joint occupation with Great Britain, the demagogical and subversive activities of Hitler sympathizers and their agents, as well as cautious or even hostile sentiments among part of the ruling circles), it is hardly useful to restore the Iranian Communist Party at this time, which has always been nothing more than a small sect. This will merely create further problems and increase suspicion and resentment among the ruling circles; German agents will continue scaring the Iranian bourgeoisie with the threat of the country’s Sovietization. The Brits will begin to treat the Soviet Union, allegedly wishing to Sovietize Iran, with greater suspicion. In view of the above it would be unwise to restore the Communist Party today, while the communists should join the People’s Party and continue steering a course toward:"

"Democratizing Iran;"
"Protecting the interests of the working people;"
"Strengthening friendly relations between Iran and the Soviet Union;"
"Totally eliminating the secret Fascist network in Iran and suppressing anti-Soviet propaganda."

"The communists should also work toward setting up trade unions and peasant organizations."

The next day, after acquainting himself with Dimitrov’s memo, Stalin agreed with his arguments and sanctioned the Iranian People’s Party (Tudeh). To avoid misunderstanding and general unpleasantness in the Soviet Union’s relations with its allies, Stalin curtailed the reunification policy. The Treaty on Alliance between the Soviet Union, Great Britain, and Iran signed on 29 January, 1942 in Tehran proved to be another weighty argument. On 10 February, 1942, Muhammad Reza Pahlavi and U.S. President Roosevelt exchanged telegrams: the shah asked the president to be the guarantor

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3 See: Kratkaia pamiatnaia zapiska po Iranu. Politichesko-ekonomicheskoie polozhenie i nasha rabota v Iran. Podgotovil sovetnik posol’stva SSSR v Irane S. Sychev. 29 sentiabria 1944 g., State Archives of the Azerbaijan Republic (SA AR), rec. gr. 28, inv. 4, f. 2, sheet 55.
4 Shifrovka G. Dimitrova Stalinu, Molotovu, Beria, Malenkovu. 9 dekabria 1941 g., State Archives of Social-Political History of Russia (SASPHR), rec. gr. 558, inv. 11, f. 66, sheet 43.
of the country’s territorial integrity and independence. In March 1942, Moscow recalled the Aliev mission from Iran; by mid-1942, only 84 members of the formerly large Baku mission remained in Iranian Azerbaijan.

**Struggle for Iranian Oil**

By the spring of 1944, Stalin returned to the old idea of gaining a foothold in Iran to incorporate the country into the postwar sphere of Soviet influence, Iranian oil being another no less attractive factor. In February 1944, large oil deposits were discovered 20 km to the south of the Soviet border, very near to the Soviet district center of Ordubad, as well as in Gorgan, Tash-Abad and Seminan; the Rasht valley proved to be rich in gas. In August 1944, America and Britain organized a bilateral conference that produced a special agreement (signed on 8 August in Washington) which envisaged joint actions in the oil-related sphere. The Soviet diplomats and Soviet intelligence reported from Iran that the British oil companies producing oil in the south of Iran were showing a lively interest in the oil-rich areas in the country’s north next to the Soviet border.

On 16 August, 1944, Lavrenti Beria sent an analytical report to Stalin and Molotov on the world’s oil reserves and oil production, as well as on the British and American oil-related policies in Iran, their rivalry over the Iranian oil fields, and their determination to keep “any third country,” the Soviet Union in particular, out of Iran. Beria suggested that the Soviet Union “purposefully launch talks with Iran about a concession in North Iran.” He pointed out that “the British, and probably the Americans, are secretly opposing the transfer of North Iran’s oilfields to Soviet use.” Beria believed that the Soviet Union should join the British-American oil talks “to defend the Soviet Union’s interests in the sphere of international oil-related developments.”

On 6 March, 1944, in the context of another Big Game that was unfolding in Iran, the Soviet leaders revived the Azerbaijanian issue with a decision On Measures Designed to Increase Cultural and Economic Aid to the Population of South Azerbaijan.

In the fall of the same year, the Soviet Union, which was seeking access to Iranian oil, tried to exert diplomatic pressure, probably counting on the stunning effect of the Soviet victories in the war against Germany and its allies. On 10 September, 1944, a Soviet state commission under Deputy People’s Commissar for Foreign Affairs of the Soviet Union Sergey Kavtaradze, two members (N. Baybakov and P. Kumykin) and experts (N. Heydarov, E. Dmitriev, M. Karasev, and N. Konradov) arrived in Tehran. The next day they met Prime Minister of Iran Muhammad Said and invited him to sign a concession agreement that said in part: “The government gives the Association the exclusive right to transport oil and other enumerated products on Iranian territory and be engaged in oil refining or in any other purification or refining methods. Oil and these products can be sold both in Iran or be exported beyond the country. The territory of the concession means … the territory marked on the map signed by both sides and appended to the present treaty as its inalienable part.” The treaty, intended for 60 years, could not be annulled during the first 40 years; the Iranian government could not annul it unilaterally; it could not be amended either by a later law or any other act. Conflict situations should be referred to an ad hoc commission of four members, two
from each side. The treaty was expected to come into force after been passed by the Mejlis and signed by the shah.11

This was short of an ultimatum, which Prime Minister Said declined; he restricted himself to promising his Cabinet’s support in the Mejlis. The Soviet delegation, however, received information that Said “was playing an unseemly and dishonorable game by offering full support in words and undermining our offers behind our backs.” Ahmad Ghavam el-Saltaneh, Prime Minister Said’s political opponent, who served as prime minister of Iran in 1942, secretly met one of the commission’s members (People’s Commissar for the Oil Industry of the U.S.S.R. Nikolai Baybakov) to inform him that Said had lied to them and that the Soviet Union would not receive any Iranian oil. The former prime minister hastened to assure the Soviet minister that if he became prime minister, he would go with the Soviet Union’s demands.12 On 25 October, 1944, after spending a fruitless month in Tehran, the commission came back. Two weeks later, the Said Cabinet fell and the prime minister resigned.

The Tehran failure put the Azerbaijani issue back on the Soviet Union’s Iranian agenda. The Soviet representatives and agents operating in Iran organized mass demonstrations of ethnic Azeris in Tehran and Iranian Azerbaijan to bring down the Said Cabinet. On 13 February, 1945, Gasan Gasanov, who headed the group of party functionaries from Soviet Azerbaijan in the occupied part of northeastern Iran, sent Bagirov a 67-page-long memo “On South Azerbaijan” that said: “We are very much interested in this because liberation of the peoples of South Azerbaijan will save our brothers from ultimately perishing and open wide vistas for the development of all the Azerbaijani people. We believe that the present international situation is the most opportune moment to realize this task of historic importance.” The author deemed it necessary to warn that “the establishment of a bourgeois-democratic system in Iranian Azerbaijan and placing the stakes on the Azeri deputies in the Mejlis are nothing but fond hopes.” Gasanov further pointed out that “today the most popular slogan in South Azerbaijan is liberation of the Azeris from the Persian yoke, establishment of democratic order, and settlement of the land question.” The document also said: “Liberation of Azerbaijan and the establishment of truly democratic order in it or its unification with Soviet Azerbaijan should be realized through popular revolts. The Allies should be placed before an accomplished fact.” Gasanov suggested that “a group of executive comrades should be set up in Tabriz who should be closely connected with the group earlier established here and who should receive instructions directly from Baku. To allow these comrades to freely travel to Baku and back to bring information and receive instructions, it would be advisable to list them as military.” He also suggested that “several democratically minded Azeris—editor of the Ajir newspaper Seid Jafar Pishevari, newspaper editor Sheylyawar, teacher Malek, and others should be moved from Tehran to Tabriz.”13 Bagirov and other leaders of the Azerbaijanian S.S.R. agreed with Gasanov.

Moscow’s Decisions and Iranian Azerbaijan

Stalin decided to use the “Azerbaijani card” in the struggle for Iranian oil. On 10 June, 1945, he signed a secret decision On Organizing Soviet Industrial Enterprises in North Iran, which suggested

11 See: Kontsessionny dogovor mezhdu pravitel’stvami Irana i Ob’edineniem “Sovetsko-iranskaia neft.” 1944 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 77, sheets 30-43.
12 See: E. Dmitrov, N. Heydarov—M.J. Bagirovu. 6 noiabria 1944 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 77, sheets 68, 70.
that branches of industrial enterprises of Soviet Azerbaijan should be set up in Tabriz and other cities. Simultaneously the U.S.S.R. State Defense Committee instructed the People’s Commissariat for Foreign Affairs of the U.S.S.R., the leaders of Soviet Azerbaijan, the People’s Commissariat for the Oil Industry of the U.S.S.R., and the executives of Azneft to urgently present their suggestions on geological prospecting for oil in the north of Iran. On 21 June, 1945, Stalin signed Decision of the State Defense Committee No. 9168 On Geological Prospecting for Oil in North Iran based on the suggestions. The document said: “A hydrogeological department should be set up within the Azneft Association of the People’s Commissariat for the Oil Industry to start geological prospecting for oil in North Iran. To be able to do this, the head of the People’s Commissariat for the Oil Industry of the U.S.S.R. and Azneft should put together the necessary number of drilling and geological teams staffed with workers of the oil industry and send them as a hydrogeological brigades attached to the headquarters of the Soviet troops in Iran, in the city of Qazvin.”

Early in July 1945, Secretary of the C.C. C.P.(B.) of Azerbaijan Bagirov was called to Moscow. On 6 July, after looking into the problem and discussing it in detail, the Politburo of C.C. A.U.C.P.(B.) produced a secret document On Organizing a Separatist Movement in South Azerbaijan and Other Provinces of North Iran which stated that preparations for the formation a national-autonomous Azerbaijani region with extensive rights as part of the Iranian state should be launched. The document presupposed that the separatist movements in the Gilan, Mazandaran, Gorgan, and Khorasan provinces would unfold under the guidance of the Azerbaijani Democratic Party set up on the basis of the Azerbaijani branch of the People’s Party of Iran reinforced by separatists from all population strata. The third point of the document dealt with the possibility of drawing the Kurds of North Iran into a separatist movement under the slogan of national autonomy.

It was planned to set up a group of executive party functionaries operating in close cooperation with the Soviet General Consulship in Tabriz to coordinate the separatist movement. M.J. Bagirov and M.T. Yakubov were entrusted with the group’s general guidance. Under point 5 of the document, the C.C. C.P. (B.) of Azerbaijan (Bagirov and Ibragimov) was instructed to start preparations for elections to the Mejlis of the 15th convocation in South Azerbaijan.

The same document suggested that fighter groups armed with foreign firearms should be set up to protect the supporters of the Soviet Union, active separatists, members of democratic movements, and party members. This was entrusted to N. Bulganin and M. Bagirov. The five points that followed dealt with cultural propaganda in South Azerbaijan; one of the points mentioned a special fund set up at the C.C. C.P. (B.) of Azerbaijan with a budget of one million convertible rubles intended for funding the separatist movement in South Azerbaijan and the parliamentary elections.

Upon his return from Moscow, M. Bagirov invited several influential figures from South Azerbaijan for a secret meeting in Baku. His report to Stalin said in part: “After speaking to them we decided to put Mir Jafar Pishchavari, a prominent figure highly respected by the democratically minded public and editor of the Tehran Ajîr newspaper, at the head of the new Azerbaijani Democratic Party (ADP), at least for the time being.” In later documents Pishchavari appeared as Seid Jafar. In his report to Molotov, Beria, and Malenkov, M. Bagirov offered more reasons: “Pishchavari was born in South Azerbaijan, he is a former member of the Communist Party and for a long time filled executive Soviet party positions in Soviet Azerbaijan. In 1927, the Comintern sent him to Iran where he was...
arrested by the government of Reza Shah and spent 10 years in prison; he was let out in 1941 when the Soviet troops entered Iran.18

Britain was following the Soviet activities in Iran with mounting concern. In February 1945, in Yalta, Churchill and Eden tried to convince Stalin to jointly withdraw their troops from Iran.19 The Soviet Union could not accept this. In his report dated 8 August, 1945 and intended for the top Soviet leaders, Deputy People’s Commissar for Foreign Affairs Sergey Kavtaradze pointed out that the pull-out would encourage reactionary forces, discourage the democratic organizations, and undermine the Soviet Union’s position in Iran. The diplomat was convinced that it would also slow down oil drilling in North Iran and would threaten the decisions on enlarging the movement for autonomy. He was convinced that the Soviet troops should remain in Iran at all costs.20 On 10 August, the same diplomat suggested that Art 5 of the British-Soviet-Iranian treaty of 1942 be used, under which the Soviet Union had an explicit reason for insisting on its continued presence in Iran until the peace treaties with Germany and Japan were signed. Sergey Kavtaradze concluded his memo with: “As a last resort we should insist that our troops remain in Iran for six months after Japan’s capitulation.”21

Great Britain and the United States had already tried to put pressure on the Soviet Union with respect to Rumania and Bulgaria; they might have used the same approach in Iran as well. Soviet sources informed Moscow that the British were trying to knock together a tribal union in the south (Qashqai, Bakhtiar, and others) to put pressure on the central government. On 6 September, M. Bagirov wrote to Stalin: “We ask for your sanction to start counterpropaganda among the southern tribes where the British are working toward a union to detract their attention and the attention of the Iranian government from our steps in the northern provinces.”22

Moscow instructed M. Bagirov to speed up the separation of South Azerbaijan from Iran. On 3 September, 1945, it was announced that the Azerbaijani Democratic Party (ADP) has been formed. From that time on, Bagirov, in a string of ciphered messages, was keeping Stalin posted about the developments in Iran and specifically in Iranian Azerbaijan. On 8 October, 1945, the C.C. A.U.C.P.(B.), which recognized the situation as serious, deemed it necessary to return to the issue and edited its own earlier decision of 6 July, 1945. The term “separatism” was removed from the text; the main task of the newly formed party was described as “national autonomy of Azerbaijan within the Iranian state.”23

“Separatism” was replaced with “autonomy,” however the main aims remained the same. A group of three (troika) was set up to keep in touch with the Democratic Party of Iranian Azerbaijan and extend all possible assistance to it. The group consisted of M. Ibragimov as head of the group,

Formation of
a National Government

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18 Pis’mo M.J. Bagirova V. Molotovu, L. Beria, G. Malenkovu. 23 noabria 1945 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 90, sheet 67.
20 See: S. Kavtaradze, “Po voprosu o vyvode Soiuznykh voysk iz Irana. 8 avgusta 1945 g.,” FPA RF, rec. gr. 0431, inv. 1, folder 8, f. 50, sheets 12-13.
21 S. Kavtaradze—V. Molotovu. “Po voprosu o vyvode Souznakkh voysk iz irana. 17 avgusta 1945 g.,” FPA RF, rec. gr. 0431, inv. 1, folder 8, f. 50, sheet 16.
22 Pis’mo M.J. Bagirova I. Stalinu. 6 sentiabria 1945 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 90, sheets 22-24.
23 Reshenie Politburo TsK VKP (B) “O izhynom Azerbaizhanze i Severnom Kurdistane.” 8 oktiabria 1945 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 95, sheet 208. The complete text is found in SASPHR, rec. gr. 17, inv. 162, f. 37, sheets 152-153.
S. Atakishiev, member of the Military Council of the 4th Army, and G. Gasanov. It was decided “to create, in the shortest time possible, armed units formally unrelated to the Democratic Party to actively oppose people and organizations interfering with the development of the autonomy movement in Iranian Azerbaijan, as well as to protect the movement’s most active members. The troika shall function under M. Bagirov’s guidance. The People’s Commissariat for Internal Affairs of the U.S.S.R. (Comrade L.P. Beria) and the Commander of the Baku Military District Comrade Maslennikov shall extend all necessary assistance to Comrade Bagirov.”

On 4 November, V. Molotov signed a document On Expanding Trade with Iranian Azerbaijan to avert possible worsening of the economic situation in the country’s northeast caused by Tehran’s economic blockade. It was expected that in the 4th quarter of 1945 the Soviet Union’s trade turnover with this area would reach 127.5 million export rials and 89.5 million import rials.

The Iranian government dispatched troops to Tabriz, while the defense ministry was instructed to invade Azerbaijan at any cost; the operation was stopped at Sharafabad. The tension that finally rose in Iranian Azerbaijan forced People’s Commissar for Defense Nikolay Bulganin and Head of the General Staff General Alexander Antonov to write to Stalin on 20 November: “If we stay away from Iran’s internal affairs, we feel we should not object to the troop movement requested by the Iranian commanders.” Stalin disagreed: he was convinced that the Soviet Union, having rebuffed (as he saw it) the onslaught of Britain and the United States out to revise the Yalta and Potsdam decisions, “should remain firm” on all foreign policy issues. No indecision was permitted in Iran: Alexander Antonov relayed the following order to the commanders of the 4th army deployed in Iran: “All attempts of the Iranian authorities to introduce additional troops into our zone should be cut short; it is for the General Staff of the Red Army to answer to all requests of this sort. You should promptly inform the General Staff of the Soviet Army about any attempt by Iranian troops to enter our zone.”

On 19 November, 1945, the threats from Tehran notwithstanding, 687 delegates elected to the Azerbaijani People’s Congress had arrived in Tabriz to take part in rallies and manifestations. S.J. Pishevari addressed the Congress held on 20-21 November with a report On the Current Situation. The Congress adopted a statement of 7 points addressed to the Iranian shah, chairman of the Mejlis, and the prime minister. It was also addressed to all the democratic states of the world and said in part: “We want to inform the world that there is a nation on our planet resolved to defend its rights with all means available. This nation has hoisted the banner of democracy in one of the corners of Asia in the name of its own freedom.”

Two days later, the National Committee set up by the Azerbaijani People’s Congress fixed the date (27 November, 1945) of the elections to the Azerbaijanian Milli (National) Mejlis. By 3 December, 1945, the elections were essentially over: 95 deputies out of 100 were elected. For the first time in the history of Iran, women came to the polling stations to vote.

M. Bagirov continued informing Stalin practically non-stop about the unfolding partisan movement in the northeast of Iran and waited for an approving nod from Moscow. On 2 December, 1945, he sent the “Kremlin Four” (Stalin, Molotov, Beria, and Malenkov) a draft agenda of the first session of the Azerbaijanian Milli Mejlis. The Baku “troika” and the leaders of the democrats were

24 Ibidem.
26 Bulganin, Antonov—Stalinu. 20 noyabria 1945 g., SASPHR, rec. gr. 558, inv. 11, f. 99, sheets 2-4; I. Maslennikov—M.J. Bagirovu. 22 noyabria 1945 g., CSAPPPM AR, rec. gr. 1, inv. 89, f. 107, sheet 54.
27 Archives of the National Security Ministry AR (NSM AR Archives), f. 280, sheets 311-314.
ready to open the session on 10 December, 1945. The C.C. ADP and the National Assembly expected to appoint Pishevari prime minister of the cabinet of 10 ministers. A decision was made to replace the governorship system with ministries. The leaders of the Democratic Party were convinced that if Iran and its troops stayed away from Azerbaijan, the leaders would be able to cope with the local police and gendarmes. Moscow finally answered: “Baku, to Comrade Bagirov… In response to your telephone message No. 339 of 2 December, we are informing you that we can accept the suggestions made by the National Assembly and Central Committee of the Democratic Party. Molotov. 5.XII.45 at 02.55.”

By 11 December the ADP had established its control in South Azerbaijan. On 12 December, 1945 (21st day of the month of Azer, the year of 1324), the first session of the Azerbaijanian Milli Mejlis was opened after a lot of preparatory activities and consultations with the Soviet political circles. “The 21st day of the month of Azer” became an important event in the life of the Azeri people. Mirza Ali Shabustari was elected chairman of the Mejlis; S.J. Pishevari was appointed prime minister of the newly formed cabinet; Zeynalabidin Giyami was appointed chairman of the Supreme Court, and Firidun Ibrahimi became prosecutor general of Azerbaijan. After forming his cabinet, the new prime minister presented his program; as soon as the national cabinet was formed, vali (governor-general) of Azerbaijan M. Bayat, who had served some time before as prime minister of Iran, left Tabriz. Since early November he had been engaged, without much success, in talks with the ADP leaders. During the week that followed the 21st day of the month of Azer, the Iranian troops stationed in Tabriz and other cities and gendarmes were disarmed. During December the new government established itself in South Azerbaijan.

The Soviet separatist designs caused protests and latent opposition of the Iranian Communists and the Tudeh Party. In its official letter dated September 1945, the C.C. of the People’s Party of Iran to the C.C. A.U.C.P.(B.) warned the Kremlin that “the establishment of the party of democrats and continuation of its policy will tarnish Soviet policy and undermine its popularity even though Soviet policy respects Iran’s territorial integrity. The policy that the Soviet Union has been pursuing in the last two weeks endangers the large-scale popular movement. This policy not merely endangers the movement of the Iranian people, but could also destroy it altogether. If the enemies of the Soviet Union united against it they would have been unable to invent anything more damaging than what is going on.” Several days later the Tudeh leaders sent their suggestions to Moscow through their old Comintern channels (through army intelligence) on how a coup in Tehran should be organized and carried out in order to establish a revolutionary-democratic regime across the country. “The People’s Party and trade unions, which have 6,000 supporters in Tehran alone, and several other democratic organizations seeking contacts with the People’s Party can be described as the main force of the coup. Several measures should be taken before the coup to disorganize the government and the top military circles.” Moscow sought the opinion of Bagirov and Emel’ianov; the latter declined the plot as unrealizable: he was convinced that there was no one in Tehran ready to head the movement.

The fairly adventurous plans of the People’s Party not only contradicted Bagirov’s plans to “reunify” Iranian Azerbaijan; they were also premature. Stalin timed Azerbaijan’s “autonomy” to coincide with the Moscow conference of the foreign ministers of the Big Three. On 14 December, 1945, U.S. State Secretary James Byrnes arrived in Moscow followed, twenty-four hours later, by a British delegation headed by Foreign Secretary Ernest Bevin. On 16 December, the ministers met for their
first session. That day *Izvestia* carried detailed information entitled “Setting up the National Government of Iranian Azerbaijan;” in the evening Moscow Radio broadcast an extensive commentary about the establishment of people’s power in South Azerbaijan; the next day TASS published the Manifesto of the National Government of Iranian Azerbaijan.32

It was then that Stalin, wishing to obtain Byrnes’ consent to remove the Iranian issue from the conference agenda, demanded that his subordinates should act cautiously in Iran.

On 24 December, 1945, M. Bagirov used the services of People’s Commissar of the Interior M. Yakubov and People’s Commissar for Security S. Emel’ianov to forward instructions on strictest secrecy to A. Atakishiev, M. Ibragimov, G. Gasanov, and General Russov responsible for the operations in South Iran. The document ran as follows: “‘Senior’ (M.J. Bagirov.—J.G.) has received information through the military and civilian organizations of Iranian Azerbaijan that our agents have been operating too openly when helping the local comrades. Comrade ‘Senior’ believes it necessary to warn you and your agents to keep in mind that they are working on foreign territory and should act in strictest secrecy. We should also bear in mind that not only the Iranians, but also the British, Americans, Turks, and others are closely watching each step of every Soviet agent. It is totally unacceptable and even damaging in many respects for our comrades to become too openly involved in the developments in Iranian Azerbaijan and give advice and recommendations to the Democratic Party and partisan units. Comrade ‘Senior’ instructs our agents to be very careful and even secretive when working with the local comrades.”33

Having successfully avoided confrontation over the Iranian issue, Stalin described the Moscow conference as a Soviet diplomatic victory. On 23 December, 1945, a week before the conference ended, the leaders of South Azerbaijan (S.J. Pishevari, Mirza Shabustari, S. Padegan, Dr. S. Javid, and M. Biria) submitted their detailed reports and far-reaching suggestions to Secretary of the C.C. C.P.(B.) of Azerbaijan M. Bagirov. They concluded their letter with: “We are convinced that to defend the rights of five million Azeris we should, in full accordance with the current situation, set up an independent democratic republican government in Azerbaijan. We ask you, therefore, to help us and create conditions conducive to the fulfillment of our people’s cherished dream—unification, in the near future, of two fraternal republics. We deem it necessary to point out that the eastern and southern borders of the new republic should run from the port of Anzali (Pahlavi), which remains within the border, through Rasht, Manjil, Qazvin, Hamadan, and Kermanshah to the borders of Iraq, since the population within these borders is predominantly Azeri.”34

In his reply dated 31 December, 1945, M. Bagirov “recommended” that the democratic leaders make their final choice between autonomy and independence, his own preference being crystal clear. Throughout the next three weeks the ADP, under careful coaching from the comrades from Soviet Azerbaijan, was frenziedly engaged in setting up an independent state at the Milli Mejlis sittings. On 16 January, 1946, S.J. Pishevari and other leaders formulated the following points in their reply to Bagirov, who had asked for details:

“1. Our country shall be called the Azerbaijan National Democratic Republic.

“2. This republic shall rely on democratic principles in the full meaning of the word, while its state structures shall be elected through direct, equal, and secret ballot.

“3. A Constituent Assembly, which will determine the country’s future, shall be convened on democratic principles to draft the Fundamental Law (Constitution) of the republic.

33 M. Iakubov, S. Emel’ianov—Atakishieva, Ibragimovu, Gasanovu, Russsovu. 24 dekabria 1945 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 98, sheet 35.
34 Pishevari, Shabustari, Padegan, Javid, Biria—M. J. Bagirovu. 23 dekabria 1945 g., SAPPPM AR, rec. gr. 1, inv. 89, f. 110, sheets 42-45.
“4. The Azerbaijan National Democratic Republic shall ensure all citizens freedom of expression, conscience, and religion, which shall be set forth in the Constitution…

“11. Guided by the historical, geographic, and ethnographic specifics of the Azerbaijan National Democratic Republic we are building, we include the following cities in it: Tabriz, Ardabil, Urmia, Miandowab, Maraga, Salmas, Hoy, Marand, Mianeh, Anzali, Maqu, Ahar, Herovabad, Zanjan, Qazvin, and Hamadan. The republic’s borders are outlined in the attached map; the population of the cities, towns, and villages shown on the map is 95 percent Azeri.

“12. The map also includes North Kurdistan, the borders with which shall be outlined when defining the state order of North Kurdistan.”

What happened later confirmed that Stalin was not at all sure of what should be done in the new situation. The Iranian government backed by the United States included the issue of the continued foreign military presence in Iran on the agenda of the session of the U.N. General Assembly that opened on 10 January, 1946 in London. The Soviet leader intended to use the Azeri card to gain an oil concession from Iran; to achieve this he needed a politician prepared to accept this agreement. The man turned up all by himself. On 10 December, 1945, A. Iakubov and Ghavam el-Saltaneh held a secret meeting at which the Iranian politician informed the Soviet functionary that an unidentified person close to the British embassy had informed him that according to his source inside the embassy Britain was convinced that if Ghavam came to power in Iran Britain’s position in this country would be undermined. The man suggested that Ghavam should personally meet the British ambassador to alleviate his suspicions. At the same meeting Ghavam el-Saltaneh said that on 9 December he met the Iranian prime minister, on his invitation, to discuss the situation in Azerbaijan in detail and that he had tried to dissuade Prime Minister Ebrahim Hakimi from sending troops to Azerbaijan. Ghavam also said that when he came to power he would dissolve the parliament, which was obviously unable to stabilize the situation, and pointed out that his chances of premiership were getting better by the hour.

Ghavam el-Saltaneh’s Moscow Voyage

On 27 January, 1946, the shah invited Ghavam el-Saltaneh to form a new cabinet; on 19 February the new prime minister arrived in Moscow on an official visit that proved to be long and ended on 7 March. Meeting with Stalin was one of his priorities; on 20 February, he met Molotov to fix the date of his audience with Stalin. The next day he was already talking to Stalin about the withdrawal of the Soviet troops from Iran before 2 March and about Azeri separatism. The complete Russian version of the talks remains unpublished, while the Iranian sources and Ghavam’s reminiscences are too biased. He even asked for the Iranian interpreter to be removed and used the services of his Soviet colleague. Russian historians A. Danilov and A. Pyzhikov familiarized themselves with the relevant documents kept in the Archives of the President of the Russian Federation, outlined their general meaning, and quoted several fragments in their books. According to the available bits and pieces, the Soviet side concentrated on the oil concession issue. Under the law the Mejlis passed earlier, this could be discussed only when all foreign troops had been removed from the country.

35 NSM AR Archives, f. 298, sheets 10-13.
36 See: Beseda A. Iakubova s Ghavam el-Saltaneh. 10 dekabria 1945 g., FRA RF, rec. gr. 094, inv. 37, folder 5, f. 357a, sheets 4-6.
Stalin asked Ghavam the key question: Was it true that he favored a republican regime for Iran? The Iranian answered that there were two roads to this goal: either a Constituent Assembly convened under a plausible pretext or replacing the shah with his son Ahmad Shah. Stalin agreed with this and deemed it necessary to point out that Ghavam might lose his post as soon as the Soviet troops were pulled out, therefore they would remain in Iran to allow Ghavam to fortify his position. According to Danilov and Pyzhikov: “This was a direct promise to extend possible military support to the prime minister had he tried to establish new power in Iran.” Stalin saw it as a way out of the impasse; if the coup carried out with Moscow’s help succeeded, Ghavam would be able to offer the oil concession to the Soviet Union. Ghavam objected: he might be removed, he argued, if the Soviet troops remained in Iran.37

Stalin also wanted to know whether Iranian Azerbaijan had its own defense and foreign ministers. When the Iranian prime minister answered in the affirmative, Stalin offered his own comment: “Well, the Azeris went too far. This is not their autonomy, they should have neither defense minister, nor ministers of foreign trade and foreign affairs.”38 This was a charged comment: Stalin was hinting that he supported Iran’s territorial integrity.

On 23 February, 1946 when the talks were resumed, this time between Ghavam and Molotov, the Iranian stated: “The previous Iranian government pursued an erroneous policy in its relations with the Soviet Union. As the Soviet Union’s friend I am ready to remedy the past mistakes.” Ghavam added that the parliament, the powers of which were to expire two days later, had passed a law that banned oil-related talks while foreign troops remained in the country. According to the Iranian prime minister, the situation was favorable for the new parliamentary elections and the expected victory of his supporters. When asked about the exact date of the elections, Ghavam answered that this must be agreed upon and that no elections were possible while foreign troops remained in the country. Molotov’s contribution was predictable: “In the present situation the troops will not be pulled out.” He also asked about the oil concession. Ghavam answered that in principle he supported the idea and was prepared to discuss the Soviet suggestions when they were presented. In response, Molotov used a map to outline the territory which had already been granted to the U.K. as a concession and asked: “Is everything clear? Are there any doubts?” After studying the map Ghavam agreed that the territory the Soviet Union wanted as a concession was much smaller than that already transferred to the British. The repeated question about the concession drew a repeated answer: “There is no chance of granting the oil concession with the present Mejlis.”39

Molotov then said that he could not understand why Ghavam feared Azerbaijan’s autonomy and offered the Soviet experience with its 16 Union republics and national autonomies as an encouraging example. Ghavam objected that the Soviet Union as a strong state could afford autonomies while Iran was too weak to indulge in granting autonomies. He promised, however, that the Azerbaijani enjumen (local self-administration) would receive broad rights. Molotov asked whether it would amount to actual autonomy; the answer was “Iran can meet Azerbaijan halfway within the Constitution.” The Iranian prime minister pointed out that he personally was not against autonomy and had even outlined a plan for carrying out a regime change in Iran when talking to the generalissimo.40 Molotov continued saying that the Iranian Constitution was a source of evil and offered the Soviet Constitution as an example: the country cherished it, he argued, yet was prepared to amend it. Ghavam answered that this left him no choice: he would have to go back home to relate the oil and Azerbaijani issues to the

38 Ibid., p. 27.
40 Ibid., sheets 25-27.
Mejlis, which would either pass or decline them. In the latter event, he would have to resign. Molotov remained firm: “Ghavam knows better what he should do; to settle the Azerbaijani issue he should formulate specific proposals.” At the door, the Iranian tried another trick: as if suddenly recalling something he turned back and said that the British ambassador had called him several times to ask for an audience and asked for Molotov’s advice. Molotov refused to rise to the bait and said merely: “Why not?”

Molotov submitted a detailed report to Stalin in which he pointed out that Ghavam had abandoned the idea of a regime change in Iran and establishing a republic, which he had previously come to an agreement about with Stalin. The Soviet leader’s response was, “Dirty swine!” which he wrote on the first page of the report. He realized that the talks had reached an impasse.

Molotov and Ghavam met once more on 25 February at 07:00 p.m., when Molotov presented I. Sadchikov to the Iranian prime minister and informed him that the Soviet government had instructed him to present Ghavam with new compromise alternatives on all three issues under discussion. He said that the Soviet government was firmly resolved to reach a compromise. When talking about the oil concession Molotov said: “The Soviet government is prepared to meet the Iranian government half way and believes that it is possible to replace its request for an oil concession in the northern regions of Iran with a joint Soviet-Iranian society to be involved in oil prospecting, production, and refining in North Iran with 51 percent of the shares belonging to the Soviet side and 49 percent to the Iranian side.” The People’s Commissar for Foreign Affairs said the following about the pullout of Soviet troops from Iran: “The Soviet government intends to start pulling out part of the Soviet troops on 2 March from some areas of Iran. As for the rest of the troops, they will remain in Iran for some time on the strength of the Soviet-Iranian treaty of 26 February, 1921. The Soviet troops will be finally evacuated as soon as the Iranian government removes all hostile and discriminatory measures in relation to the Soviet Union, establishes order in North Iran, and restores friendly relations with the Soviet Union.”

Ghavam responded with a memorandum in which he dismissed the Soviet proposals as unacceptable and continued insisting on his point of view. He wrote that the oil question would be positively resolved to the sides’ mutual satisfaction when the issues related to Azerbaijan and the withdrawal of Soviet troops from Iran had been removed from the agenda. If the Soviet Union agreed to defuse the Azerbaijani problem and carry out timely withdrawal of the Soviet troops from Iran, it could lay the foundation for cooperation in the economic and oil-related spheres. “As soon as I receive your consent, I shall leave for Tehran. After exchanging opinions with the cabinet, I shall be prepared to continue negotiations with the Soviet ambassador in Tehran. I am deeply convinced that we shall reach the desired results.”

Negotiations continued through the newly appointed ambassador to Iran Ivan Sadchikov; on 1 March, 1946 he handed Ghavam a memorandum that could be more aptly described as an ultimatum. The Soviet side was still convinced that the Soviet military presence in Iran was much more valuable than the Iranian prime minister’s vague promises. The document said in part: “It should be noted that while granting concessions to other states, the Iranian government denied and continues to deny the U.S.S.R. the right to the oil concession in North Iran. These facts confirm that the Iranian ruling circles are hostile to the U.S.S.R., are prepared to damage its interests, and are threatening the oil-rich areas of Soviet Azerbaijan and Soviet Turkmenistan. The Soviet Union has no choice but to

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41 Iz dnevnika V. Molotova. Priem premier-ministra Irana Ghavam el-Saltaneh. 23 fevralia 1946 g., FRA RF, rec. gr. 094, inv. 37e, folder 362, f. 1, sheets 28-32.
42 See: A.A. Danilov, V.V. Pyzhikov, op. cit., p. 28.
43 Iz dnevnika V. Molotova. Priem premier-ministra Irana Ghavam el-Saltaneh, p. 37; Vrucheno V. Molotovym gospodinu Ghavamu. 25 fevralia 1946 g., FRA RF, rec. gr. 094, inv. 37e, Folder 362a, f. 1, sheets 40-42.
44 Vrucheno gospodinom Ghavamom sotrudniku NKID SSSR P. Zudinu. 27 fevralia 1956 g., FRA RF, rec. gr. 094, inv. 37e, folder 362a, f. 1, sheets 43-46.
remain cautious in relation to the Iranian ruling circles and to postpone the pullout of part of the Soviet troops from North Iran. 

Ghavam realized that he would be unable to oppose Moscow’s pressure without external support and turned to the Americans. On 4 March, he met Chargé d’Affaires ad Interim in Moscow George Kennan. Later the American reported to the U.S. Secretary of State that Ghavam was in a quandary since Moscow refused to meet him halfway. Ghavam told Kennan that he would meet Stalin for the last time later on the same day and would try to return to Tehran the next day, and complained that Stalin had been rude to him. He also informed Kennan that he had sent a note to the People’s Commissar for Foreign Affairs to protest against the Soviet troops’ continued presence in Iran and asked what the United States could do in this respect. George Kennan read the copy of the note. Ghavam wanted to know what Iran could expect from the United States if it failed to reach an agreement with the Russians. On 6 March, George Kennan handed a note to Molotov with a demand to remove the Soviet troops from Iran. As soon as he returned to Tehran Ghavam disbanded the Mejlis and secretly sent an emissary to the American and British embassies to find out what further steps they could suggest and what their governments might do if the Soviet threat became real. The American and British foreign ministers instructed their ambassadors to convince Ghavam that he should complain to the U.N. Security Council. He followed this advice. The U.N. Security Council in New York scheduled a discussion for 25 March.

Stalin made a last attempt to put pressure on the Iranian prime minister. On 20 March, when he arrived in Tehran, Ambassador Sadchikov told Ghavam that while in Baku he had learned about his address to the U.N. Security Council and regretted this step very much: he hoped to make his arrival a continuation of the Moscow talks. Ghavam, in turn, pointed out that the Soviet troops’ continued presence in Iran after 2 March hampered his initiative and deprived him of the chance to continue talking to the Soviet Union. The Soviet ambassador reminded the prime minister that during the Moscow talks Iran did nothing to demonstrate its good will toward the Soviet Union. This was particularly true of the oil issue, which especially offended Stalin. On 22 March, Ghavam met the American ambassador, who reported to Washington: “Ghavam fears that if the U.N. Security Council condemns the U.S.S.R. and demands withdrawal of the troops, the enraged Russians will raise the tension in Iran by creating new reasons for concern and fears, while the U.N. will be unable to extend adequate support to Iran. As an experienced politician, Ghavam believes that the issue of North Iranian oil should have been settled long ago. He believes that in the future, any Mejlis will ratify a decision on granting a concession to the U.S.S.R. and that this concession is inevitable.” In fact, Ghavam was letting the United States know that if Washington refused to extend active assistance to his country he would have to retreat.

(To be concluded in the next issue)

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45 Vruchenno gospodinu Ghavamu I.V. Sadchikovym. 1 marta 1946 g., FRA RF, rec. gr. 094, inv. 37e, folder 362a, f. 1, sheets 49-51.
47 Ibid., p. 360.
48 See: Kratkaia spravka o sovetsko-iranskikh peregovorakh v Moskve i Tegerane v fevrale-aprele 1946 g., FRA RF, rec. gr. 094, inv. 37e, folder 362, f. 1, sheet 5.
n this article, we discuss three factors that are contributing to the development and the evolution of the EU's policy toward the Black Sea region. Initially, we review the current interior situation in the EU. We argue in that section that the EU finds itself in the middle of an identity crisis revealed by the negative French and Netherlands votes to the constitutional project in 2005. Subsequently, we analyze the relations that have developed between the EU and the Russian Federation. The EU's relations with Moscow constitute a key element in Brussels’ Common Foreign and Security Policy and, particularly, in Brussels’ concept of the Wider Black Sea Area. The article ends with a look at the transatlantic relations. We argue that currently the EU and the U.S. find themselves in different historical situations and are preoccupied by quite different issues. This makes a common and coherent policy toward the Black Sea region very difficult.

I n t r o d u c t i o n

During the Cold War, the Black Sea was an area of confrontation between NATO and the Warsaw Pact. Outside entrance to it was conducted on the terms of Montreaux Convention, which governed the passage of ships through the Turkish Straits. Not much possibility for outside warships to enter the Black Sea existed. Trade between the two blocks was extremely limited. After the breakdown of the U.S.S.R., the possibility of cooperation among the littoral and adjacent states arose. However, historic and ethnic problems alongside the remnants of Russian hegemonic ambitions did not allow the countries to attain the benefits of the end of the Cold War as Central European countries could afford.

As many Central and Eastern European countries could change the pattern of their international relations from the realist model to the liberal one and achieve cooperation among themselves and within the overall European integration process, similar efforts in the Black Sea region have remained in a limbo between realism and liberalism as a result of the regional “frozen conflicts.” Many protracted internecine conflicts and international problems remain unresolved.

After the breakdown of the Soviet Union attempts were made to develop regional cooperation paradigms. In this category, we could mention the Turkish initiative of the Black Sea Economic Cooperation launched in 1992 which has now become a full fledged organization (BSEC) with a secre-
tariat in Istanbul, a bank and a parliamentary assembly including 12 states as members, i.e. all the littoral states in addition to Albania, Azerbaijan, Armenia, Greece as well as Serbia and Montenegro. We could also mention the GUAM Economic Initiative which was started in 1997 between Georgia, Azerbaijan, Ukraine and Moldova. Although its aim was to encourage trade among these countries, it was looked upon in Russia as an anti-Russian grouping. As the need for closer cooperation and interdependence increased, the Black Sea has become the hub of a wider region. The importance of the Black Sea region has attracted a large number of observers to the BSEC from Europe and the Mediterranean. These are Israel, Egypt, Tunisia, Poland, Slovenia, Austria, Italy, France and Germany. The U.S. has applied also to get an observer status and obtain it in December 2005.1

In order to help implementing a “Euro-Atlantic” policy in the Black Sea region, the geographic and strategic concept Wider Black Sea Area has been opportunistically crafted by Euro-Atlantic states, whose inspiration came from the Greater Middle East model. In the case of NATO, the Istanbul Summit communiqué of June 2004 not only stressed the general importance of the Black Sea region for Euro-Atlantic security, it also underlined the Alliance’s specific responsibility to help build upon existing forms and models of regional cooperation.

Considering its successive enlargement, its regional ambitions and its considerable resources and means to put policies into action, the EU’s vocation is to be directly and durably involved in the Black Sea region.2 Brussels has undoubtedly sufficient means to achieve its objectives in that compacted and multifaceted region. However, the EU is having problems in its efforts to come up with a clear and coherent policy that reflects the needs of a majority of its members.3

The elaboration of a consistent and comprehensive foreign policy is weakened by the Union’s institutional set-up and its bottom up pillar structure which potentially impedes the formulation of coherent external policies and realistic negotiating positions. For example, in the context of EU-Russia relations in the early 1990s, and particularly in the case of the Russian exclave oblast of Kaliningrad, the EU faced difficulties in coming forward with a uniform position. While the European Parliament pushed for a pro-active policy and was ready to grant Kaliningrad with a special status within the framework of the EU-Russia Partnership and Cooperation Agreement (PCA), the Commission demonstrated a more cautious approach, arguing that the Russian government might perceive the special treatment of its exclave as an illegitimate intervention in its internal affairs.4

The EU’s foreign policy suffers from a lack of coherence and effectiveness because of a rotational presidency, a lack of political continuity, and changes in the various identified priorities and policy directions that accompany a system unable to formulate clear foresight and policy direction. Moreover, there are inherent conflicts of interest and a “North-South” division among EU members regarding policy initiatives in the Baltic Sea and Black Sea regions. It is not surprising, then, that under the Finnish and Swedish presidencies, in 1999 and 2001 respectively, the Kaliningrad issue was high on the agenda, both in the context of the regional policy of the Northern Dimension5 and EU-Russian relations more generally.

The EU’s “capability” to act in a coherent and effective way has only slightly improved. True, the EU increasingly shows the qualities of an international actor. This has been especially evident in

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5 According to the EU, the Northern Dimension addresses the specific challenges and opportunities arising in those regions (North-west Russia, the Baltic Sea region and Arctic Sea region) and aims to strengthen dialog and cooperation between the EU and its member states, the northern countries associated with the EU under the EEA (Norway and Iceland) and the Russian Federation (see: [http://ec.europa.eu/comm/external_relations/north_dim/index.htm]).
the case of Kaliningrad—an issue that has only gained such prominence because of EU enlargement.

But in reality the EU’s Common Foreign and Security Policy (CFSP) can be characterised as a multilateral forum for cooperation and the coordination of individual members’ foreign policies. For instance, in the case of Germany, the engagement in this “forum” has become the backbone of its foreign policy, especially following its unification and with respect to German-Russian relations. It is through multilateral channels that successive German governments since Helmut Kohl can assert their interest and influence vis-à-vis Russia. The same could be said about France’s foreign policy strategy.

As a result, the international status of the European Union is not yet clearly determined. Due to the long and complicated process of Europe’s unification, the EU has a mixed status, composed of elements of international organization, federal state and multilateral agreements. Although the EU does not formally have the status of a legal person, it was declared to be an international organization. It has multiple attributes of a state: currency, citizenship, organizational framework and even military forces. But decision procedures concerning the CFSP are similar to that of multilateral agreements.

The ambiguous international status of the EU and the multilateral basis of its “foreign policy” are major factors explaining why the concept of the Wider Black Sea Area, although welcomed, can hardly qualify as a blueprint or consistent strategy over the long haul. A consensus is constantly hard to achieve in the EU’s political institutions, and the lack of an agreement on a wide-ranging strategy toward the Black Sea is another example. In reality, the EU is confronted with the following paradox: Deeply involved in the Black Sea region in terms of geopolitical interests, the “idea” of the EU is losing ground conceptually since an important number of countries in 2005 voted against the adoption of a constitution for the European Union. As a result, the EU is undoubtedly an indispensable actor in the Wider Black Sea Area, but it is not currently the main driving force. NATO and the U.S. have taken the lead in the integration of the Black Sea region. An example of that leadership occurred in March 2005 when Georgia signed an agreement with NATO to provide transit to Afghanistan across Georgian territory. Japp de Hoop Scheffer stressed on the occasion that by taking this step the Georgian authorities have once again confirmed their intention for closer integration in the European structures.

In the current situation, the EU must design a realistic and pragmatic policy toward the Black Sea Area. The EU must design its policy toward the Black Sea Area by taking into account at least three vital factors. First, the EU must pay attention to its interior situation. After the “no” vote in France and the Netherlands on the constitutional treaty, the EU is going through an unparalleled crisis that leaves much uncertainty as to future enlargements. Second, the EU’s “Strategic Partnership” with Russia must be better defined. That partnership is not considered fundamental by the EU in its many attempts to construct security around the Black Sea Area, while the “Russia issue,” however, is often presented as a determining factor for the regional security stabilization. This is a contradictory position that cannot be prolonged any further. Third, the unsteady evolution in the transatlantic relations further complicates the EU’s policies in its vicinity. The war in Iraq and the fight against “international terrorism” have deeply transformed transatlantic relations, which has impacted in turn the priorities of the United States, members of the EU and the United Nations, in terms of Black Sea regional conflicts.

This article initially reviews the current interior situation of the EU. It subsequently analyzes the relations that have developed between the EU and the Russian Federation. The article ends with

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a look at the transatlantic relations. These three vital factors—interior situation, relations with Russia, and transatlantic relation—will influence the EU’s present and future policy toward the Black Sea region.

The EU at a Turning Point

The EU finds itself in the middle of an identity crisis revealed by the negative French and Netherlands votes to the constitutional project in 2005. The results of that vote are open to a variety of interpretations. However, it can be explained either in terms of French and Dutch domestic politics, or by a lack of clarity as to the Union’s procedural mechanism, or, and perhaps mostly, by a profound misunderstanding of European enlargement process in the first place. Not really wished by the citizens of the EU, the enlargement process, throughout the EU constitution referendum campaign, was interpreted by EU citizens more as a process of political and power dilution than an attempt at strengthening and consolidating the European project in one working document. This left a cloud of ambiguity with regards to borders of the EU and member states. When would the enlargement be over, voters asked themselves? Moreover, the issue of Turkey’s accession became a highly sensitive topic during the referendum on both the EU and national agendas. Member states were dealing with these issues at a time when their economic performance was less than respectable and European citizens began suffering from the effects of job “outsourcing” and economic competition from new members of the East. That accentuated the impression among EU citizens of an unlimited enlargement process decided by political-administrative elites in complete disregard of European public opinions.\(^7\)

But the adoption of a constitution is not the only real problem. The EU is confronting extremely divisive issues, and the most important is a philosophical split over Europe’s future. European Union leaders claim that country members, European political forces and parties agree upon shared basic functional principles. The truth after the French referendum is that all members do not share these proclaimed principles.

EU members can be divided into two categories, basically: On one side, there are those in favour of more social and economic liberalization (the British, Dutch and Scandinavians); on the other, there are those clinging staunchly to policies of a traditional welfare state (the French, Germans and Belgians). The division is deeply embedded in the EU’s processes and bureaucratic apparatus.

Referendums on the constitution also illustrated the ordinary Europeans’ unfamiliarity with the EU as an emerging political entity. Compounding this problem is the seemingly obstinate loyalty of Europeans to their nation-states. For leaders and policymakers it was unpersuasive to argue for a defence of European interests, such as the common market, the Common Agricultural Policy (CAP) or the European regulatory framework.

Europeans will have to ask themselves if somewhere, something has gone wrong in the relationship between Europe and its citizens. It may have been an irrational vote, but it responded to something very deep: a fear of the future. The political elites who were in the “yes” camp somehow failed to explain what the constitution actually implied or would mean. These elites should propose the establishment of institutions that receive broad popular support and should provide for a fair and functional distribution of power among different levels of authority.

Although the construction of European Union is still on the agenda, the French and Dutch “no” votes to the EU constitution entail a postponement of European enlargement and construction processes and further compels Europeans to raise key questions on the significance and the objectives of

the EU development, especially in regard to neighboring countries. The EU is forced to think again and urgently about its foreign policy. It has to fulfill its commitments toward would-be member states, while at the same time it must demonstrate the viability of its internal functioning. The EU’s neighboring countries, in particular those located in the Black Sea region—Turkey, Ukraine, Georgia, Armenia, Moldova, and to a lesser degree, Azerbaijan—are waiting for legitimate and sincere political signals supplemented with concrete decisions concerning the nature of a possible partnership with Brussels. Some of these countries have quite openly and repeatedly expressed their desire to become EU members. Turkey, Ukraine and Georgia are well-known examples of countries that are seeking EU membership. However, the first problem for the EU is to satisfy this desire by adopting a reasonable strategy, that is, a strategy that takes into account the EU’s current reduced means and political realities. The second problem is that Brussels must explain to these Black Sea countries the high level of uncertainty that stands on the way in the short and mid-term (human rights, rule of law, free and fair elections, etc.). The third problem lies in the necessity of overcoming both fatigue and lassitude generated by the 2004 enlargement, while pursuing a political overture to those countries wishing to join the EU.

In spite of these problems and difficulties, the EU cannot realistically afford to ignore the Black Sea Area considering that 1 January, 2007 marked the accession, 17 years after the fall of Communism, of Rumania and Bulgaria, two Black Sea littoral states. It means that the EU borders have now reached the Black Sea Area and that the countries of the region must necessarily be integrated into the EU’s external relations. Compared to the 2004 enlargement, the integration of Rumania and Bulgaria poses problems of a different nature. The EU has an obligation now to design a more ambitious policy toward the Black Sea, the more so since Rumania and Bulgaria have resolutely and fully opted to be on the European side by giving a Euro-Atlantic orientation to their economic and security policy. Also, these new acceding countries will have an impact on the Moldova “frozen conflict.” The EU will progressively have to be considered as a major actor in conflicts involving the security of ex-Communist European countries, especially if we consider that Bulgaria and Rumania—Turkey, Ukraine and Russia as well—are members of the Organization of the Black Sea Economic Co-operation (BSECO) created on 25 June, 1992. The BSECO covers a geography encompassing the territories of the Black Sea littoral states, the Balkans and the Caucasus. As an organization, the EU has enough solidity and potency to address these security challenges.

On the other hand, however, two issues have profound possible geopolitical consequences: The possible membership of Turkey and Ukraine and the right attitude to adopt toward these two countries. In the near future, the EU leadership will not be able to dissociate these two issues, especially if the concept Wider Black Sea Area concretely begins to make headway in Brussels’ agenda. Also, in the future it is unlikely that EU members will be able to effectively deal with Turkey and Ukraine membership issues and at the same time turn a blind eye to their domestic situation. Domestic politics of EU member states and EU enlargement projects will naturally influence one another; they cannot be addressed as separate problems. What is at stake in deciding the EU political strategy toward the Black Sea Area is the position members will take concerning Ankara and Kiev’s future status. This political position will indicate what form the association will take between Brussels, Ankara and Kiev—accession or special partnership status—and the timetable that will be adopt-

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ed to this end. At the same time, these two countries will certainly adapt to the new context of uncertainty within the EU, as well as other countries of the Black Sea region. Therefore, Ankara and Kiev’s determination to accede to the EU institutions will also depend considerably on their willingness to support the EU during the current delicate transitional post-referendum period.

Recently, the EU launched the European Neighborhood Policy—previously it offered a wide array of partnership and cooperation agreements to bordering states—with the clear objective of bringing support and stability to Black Sea countries but without officially offering EU candidacy status. This Neighborhood Policy provides individual initiatives and development plans for all countries with the overall aim of bringing their national standards closer to those of the EU. Concretely, this bilateral approach combines both grants of technical assistance for grass roots projects and Structural Fund Programs for transborder cooperation. Switching from a bilateral approach to a more global approach toward the Black Sea region is now one of the main challenges facing the EU. 12

The engagement of the South Caucasian states—Azerbaijan, Armenia and Georgia—in the Neighborhood Policy in 2004 has been a positive step for the continued development of a more inclusive and global policy in the Wider Black Sea Area and to cement closer economic and political ties—but short of full membership. This enlargement of the EU intervention zone can be explained by the aspiration to gain influence and leverages over the Caspian energy routes at the expense of Russia’s strategic interests in the region. Moscow’s political and security strategy toward its southwest neighbors will be an important factor in the implementation and success of the concept Wider Black Sea Area.

The EU–Russia Relations and the Black Sea Region

EU-Russian cooperation dynamics demonstrate that their relations are based on the balance of interests, which means that they mutually benefit from this interaction. The European Union greatly contributes to Russia’s efforts to modernize and it perceives such progress as an important factor for regional and European stability.

In the case of the Black Sea Area, observers of EU politics could not fail to notice, however, that the Euro-Atlantic policy toward that part of the world has been designed with the constant “Russian factor” in mind. Russia has been presented as the “factor of uncertainty” in the Black Sea region. 13 A strong consensus exist among international relations analysts as to Russia’s lost of influence in the region. However, most of them agree on the necessity to let Russia take part in discussions relating to the Black Sea region and to engage the Kremlin in the design and construction of regional security structures. The EU’s relations with Moscow constitute a key element in Brussels’ Common Foreign and Security Policy, although security issues remain somewhat secondary when compared with economic issues existing between Brussels and Moscow. The reason for the priority accorded to economic issues rather than security issues lies in the fact that the EU lacks credibility in the security domain, as well as Moscow’s intense focus on NATO’s “turns and twists” in the area of security since the collapse of Communist regimes. Officially, the EU and Russia have consented on the creation of a “strategic partnership.” However, in reality their relations still fall short of confidence and maturity, sometimes even bordering on open discord and crisis 14—as in the case of energy security.

Opposed to NATO enlargement in 1999 and 2004, Russia has been less critical of EU 2004 enlargement, though. The spatial proximity of these two entities has led to tensions since December 2003 on the occasion of the Rose Revolution in Georgia. Moscow rejects participation in Neighborhood Policies on the ground that it sees no reason to be among a group of states which includes countries such as Morocco, Libya or Ukraine. Moscow’s political leadership still sees Russia in possession of all the attributes of an “imperial” state in the post-Soviet space and beyond. Acceding to a political and economic union such as the EU would only diminish Russia’s status in the international state system.

Relations between the European Union (EU) and Russia are based on three pillars: the Partnership and Cooperation Agreement (PCA) of 1994, the Common Strategy of the European Union toward Russia (CSR), which was first adopted in 1995 and revised at the Cologne summit in the summer of 1999, and the Northern Dimension initiative. The PCA outlines the general principles and detailed provisions that govern the relationship between the EU and the Russia Federation.

Of much interest for the Black Sea region is the fact that the EU-Russia dialog has led to a regional initiative called the “Northern Dimension,” which was agreed upon at the Luxembourg meeting of the European Council in 1997 on the Finnish government’s initiative.

The Northern Dimension is an ambitious regional program in which the EU and Russia cooperate effectively to enhance regional stability and security in the Baltic region. The Northern Dimension has been implemented within the framework of the Europe Agreements with the Baltic States, the Partnership and Cooperation Agreement with Russia and the European Economic Area regulations. Major areas of cooperation under the Northern Dimension include: The environment, nuclear safety, energy cooperation, Kaliningrad, infrastructure, business cooperation, justice and home affairs, social development, among others. However, a great deal of attention has been particularly paid to the environment, nuclear safety and cooperation and security in the sphere of energy. The Northern Dimension operates through the EU’s financial instruments available for Russia and the Northern region: PHARE, TACIS and INTERREG.

The Northern Dimension aims to use these financing instruments for various types of projects that provide added value. For example, the environment and nuclear safety are expected to be the core priorities of the Northern Dimension Environmental Partnership Support Fund, which was launched in 2001.\footnote{See: “The Northern Dimension,” available at \[http://europa.eu.int/comm/external_relations/north_dim/index.htm\].}

The implementation of the program has been noted as being necessary in the Declaration of the Council of the Baltic/European-Arctic Region on 5 March, 1999. However, more recently the agreement has been discussed and approached from different sides—donor states (most of them EU members) and the Russian Federation. It should include such spheres of cooperation as know-how exchange, vocational training, staff development and the provision of materials and technology transfer.

The North and Baltic Sea region could be considered as one of the most dangerous points for the inner stability and security of the EU member states. There are some 300 nuclear reactors along the coast of the Kola Peninsula, which amounts to 20% of all reactors in the world. However, this region lacks an appropriate level of waste management and has only a few repositories and storage facilities of nuclear waste. That is one of the contributing factors that the EU remains highly concerned about in its Northern region. It continues to engage in discussions with Russia to tackle this pressing problem.

Russia has already expressed its willingness to take part in this dialog in the name of the stability on the European continent. In recent years the EU and Russia have worked together to formulate and fund wastewater projects for the North-West Russia, especially to address and reduce pollution in the Baltic Sea. For example, the St. Petersburg South West Wastewater Treatment Plant, which was fi-
nanced by the EU (TACIS program), individual member states, the Nordic Investment Bank, the European Investment Bank and the Nordic Environment Finance Corporation (NECO), has been operational since September 2005.\textsuperscript{16}

At the moment, a similar initiative, such as a “Southern Black Sea Dimension” of sort, is not envisaged for the Black Sea region.\textsuperscript{17}

Fundamentally, Russia’s policy toward the EU is based on two principles: First, an openly declared refusal to consider accession to the EU, or any type of constraining integration; second, Russia’s determination to maintain in any circumstances a “state-to-state” dialog on an equal basis. Technically, the two parties have structured their relations around four “common spaces”—common economic space, common space of freedom, security and justice, common space of cooperation in the field of external security, common space on research, education and culture.\textsuperscript{18} They have been implemented since the Moscow Summit in May 2005.

The “common sphere of cooperation in the field of external security” is particularly sensitive to Russia since it involves neighbors of the Russian Federation, or, to use Russian terminology, its “near abroad.” Frictions between the EU and Russia following the double enlargement of May 2004 and January 2007 have been transformed into tensions on the occasion of the “colored revolutions” in Serbia, Georgia, Ukraine and Kyrgyzstan.

These more or less “velvet” revolutions, which look like another “fall of the Berlin wall” from Moscow’s point of view, did not occur in these countries for no reasons. Serbia in October 2000, Georgia in November 2003, Ukrainian in December 2004, and Kyrgyzstan in March 2005, have in common that a revolution took place in regimes that were not “authentic” dictatorships. We might even say that dictatorship did not exist at all.

The presence of foreign NGOs is certainly not the only necessary conditions for a “velvet” revolution to occur. But “conspiracy theories” cannot explain this wave of revolutions of a new type. It is rather the emergence of collective action politics at the civil society level that helps to form counter powers and rapidly destabilize the regimes’ pillars.

For instance, the world witnessed a strange exit for the democratic apprentice that was Askar Akaev, president of Kyrgyzstan in March 2005. It is because Akaev made of his country something different than a real dictatorship similar to those of the majority of his Central Asia neighbors that the “Tulip revolution” broke his tenacity to rule. Because even if this revolution does not deserve to be called “tulip,” since the opposition used strong means, the overthrow of the government would not have been possible without some islands of freedom Akaev gave to the Kyrgyz, notably in the first part of the 1990s. This “illiberalism” à la Kyrgyzstan was dictated by the need to somewhat please the West in order to pocket millions of dollars supposedly for developing the country.

Whatever the level of organization of these revolutions, encouraged by U.S. organizations (Freedom House, National Democratic Institute, Eurasia Foundation, etc.), they are possible only if the rulers accept to embrace some degree of democracy and public values, especially in the run-up to new elections. Using the legal frameworks put in place by regimes’ leaders, revolutionaries and supporters of change have demonstrated the ability to lock up or politically neutralize hated corrupted officials and overthrow their half-democratic regimes. Some socioeconomic and organizational ingredients are needed to put an end to political careers of old soviet apparatchiks: a united opposition, oppositional media that express a large measure of public discontent in order for the population to unveil and go public in outright confrontation with the oppressing leadership, young-


\textsuperscript{18} See: [http://ec.europa.eu/comm/external_relations/russia/summit_11_04/m04_268.htm].
sters, trained in techniques of non-violent action and political change, quickly mobilizing and taking to the streets.

But how could one have imagined a revolution in Turkmenistan where Saparmurad Niyazov, before he passed away in December 2006, was a lifelong president without any sort of opposition? None of these conditions as above-mentioned are present in this country which is considered one of the most inaccessible in the world. In the eventuality of any form of disorder within the country, the brutal police that the Turkmenbashi (“father of all Turkmen”) had built up to control all corners of the Turkmen territory and all aspects of society and daily living will be immediately ordered to repress without mercy rebellious Turkmenistani. Also, no foreign NGOs are allowed to operate in this gas-rich state.

The situation is nearly identical in Uzbekistan. Three months after the Rose Revolution in Georgia, in April 2004, the Open Society Institute (OSI), a nongovernmental organization created by the famous “philanthropist” George Soros and which has maintained an active presence in Uzbekistan for many years, was denied the right to be formerly registered by the Uzbek Ministry of Justice. The Uzbek government officially argued that the OSI presents a negative image of the government’s activities and even “discredits” its various policies. Uzbek officials claimed that the OSI provided educational establishments with seditious pedagogical ideas and materials. They also accused the OSI of lacking transparency in the allowance of financial funds to institution of higher education.

Autocrats of the Central Asia region believe that Western NGOs and their affiliates serve as vehicle for transmitting Western ideas and education methods to their youth. That explains, they pretend, the occurrence of “colored” revolutions between 2003 and 2005.

It is in this context that in the post-Soviet space, EU-Russia relations are, for the most part, interpreted as a zero-sum game. However, this is more often than not an erroneous interpretation, especially if we consider that the EU and Russia are usually more spectators than actors in the Caucasus and the northern section of the Black Sea. Busy with its own internal problems, some almost intractable, like deindustrialization or demographic decline, Russia is practically helpless in stopping what Ukraine and Georgia governments do in their territories. These two ex-Soviet republics are themselves plagued by enormous social problems, which hinder them from capitalizing on historical opportunities to take control of their own national destiny and developing a regional integration strategy at the same time. For its part, the EU, as opposed to the United States, left the impression of not wanting to support oppositional political forces to Kuchma’s regime during the Ukrainian crisis of December 2004 for fear of provoking a reaction from Moscow. One thing is certain, the “Orange Revolution” contributed to a profound change in EU-Russia relations, and, consequently, their respective policies toward the Black Sea.

Apart from events in the Ukraine, the EU-Russia dialog is also difficult to establish in part because of divergent security conceptions which condition their views on their common neighborhood. This is notably apparent in their perceptions of the Black Sea and in the political tensions that continue to linger in the Georgian breakaway territories of Abkhazia and South Ossetia. Moscow’s conception of security is strongly linked with the notion of territorial security—the conflict in Chechnia being an example of a perceived threat to Russia’s territorial integrity —, while Brussels reasons that the EU’s security policy must put the emphasis on foreign threats to its own sovereignty and territorial integrity. When the EU talks about security, it is actually talking about security outside its borders. Consequently, EU’s security policy often leads to a paradox. On the one hand, it tries to convince non-state members, like Ukraine and Georgia, to take part in humanitarian and peacekeeping operations. On the other hand, it constantly skirts the issue of EU’s contribution to conflict resolution in these two highly unstable countries. To this feature of EU’s security policy we could add that Brus-

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sels’ strategic and security policy is still on the design table and in the meantime EU security analysts are doing some soul-searching, although it is already insisting on a prudent use of force in settling violent conflicts at the international level.

For its part, Russia’s view on security remains in a conceptual framework anchored in the logic of classical territorial security. The armed forces’ mission is to secure the territorial integrity of the country, whatever the cost. The neighboring countries—or the “near abroad”—are seen as a protecting shield and a buffer zone against possible foreign aggressors. However, today Russia’s territorial integrity is more under the threats of some domestic political actors—with some potential but limited links with foreign states or organizations—than foreign dangerous states or illicit subversive groups. Another major difference characterizes the EU and Russia’s security policy: The latter has been in a state of war for the last thirteen years. The deadliest armed conflict on the European continent is the one opposing the Russian Federal Security forces and the Chechen militarized groups. Located between the Black Sea and the Caspian Sea, Chechnia is the main source of regional instability whose effects can be felt far beyond the border of the Russian Federation.

In summary, the construction of a regional security network around the Black Sea cannot strictly focus on the resolution of “frozen” and unresolved conflicts (Karabakh, Abkhazia, South Ossetia, Transnistria) and cannot elude the issue of the on-going Chechen war and its political and economic fallout. As long as the Chechen problem continues to bring its daily succession of Russian forces’ destruction of Chechen infrastructures, hostage-takings and indiscriminate killings and summary executions of civilian Chechens, it will thwart any plan for real cooperation between Euro-Atlantic countries and Russia on the security in the Black Sea Area.21

Transatlantic Relations as a Key Factor

It is very difficult to conceive the elaboration of a Euro-Atlantic strategy for the Black Sea, which could combine the U.S., the EU and NATO resources, without taking into account the state of relations between transatlantic countries.22

The EU’s relative lack of interest in the Wider Black Sea Area can be explained, among various other factors, by its constant attention to the Balkan region in the last decade and the two waves of accession in 2004 and 2007. For the most active promoters of the Wider Black Sea Area the EU should pursue a well-defined and comprehensive strategy in that convulsive part of the world for three fundamental reasons.23 First, the European continent, which extends to South Caucasus so the promoters of the Wider Black Sea Area believe, is in need of a political and economic stabilization. This could be achieved by utilizing the Euro-Atlantic institutional structures. Second, a more active presence around the Black Sea could serve as a rampart against potential threats coming from the Greater Middle East. Signs of this are already tangible, as the U.S., which makes of 85% of NATO’s budget, has begun reconstructing Georgian airbases and stationing intelligence and military personnel for potential use in its own and NATO’s activities in the Middle East and Central Asia. Third, a strengthening of Euro-Atlantic capabilities in the Black Sea Area could assist in gaining easier access to huge energy resources located further east in the Caspian Sea Area and beyond. These wide-ranging strategic objectives are sometimes supplemented with a moral discourse destined to win over the

support of skeptic Europeans as to the EU’s enlargements. According to this moral discourse, Western European nations have a historical and moral mission to make up for past wrongdoings and socioeconomic damages that have been inflicted upon the Black Sea countries by former Communist regimes in the post-WWII period.\(^{24}\) Highly ideological, this approach usually serves more as flimsy window dressing in defending military and economic interests.\(^{25}\)

Simply stated, it is clear that discussions about political and security issues in the Black Sea region have to integrate into their premises the global strategic and security interests of the United States.\(^{26}\) To a great extent, NATO’s objectives are more generally determined by Washington’s global foreign policy. Euro-Atlantic structures come second in the U.S. elaboration process of its foreign policy. Since the beginning of U.S. military operations against Iraq in March 2003, transatlantic relations are going through profound mutations. Relations with the post-Soviet space are dividing Europeans and Americans, among other diverging viewpoints. Euro-Atlantic partners disagree about how to deal with Russia’s “near abroad.” Understandably, U.S. military presence in Russia’s surrounding countries, in particular in the Southern Caucasus, has the potential to cause various annoyances in EU-Russia relations.

Moscow, and especially Russian army’s generals, sees Euro-Atlantic cooperation through the lens of NATO’s strategy and current plans. Euro-Atlantic structures are seen as an extension of NATO’s military command and NATO itself is often seen as an instrument of U.S. foreign policy. More fundamentally, the 11 September terrorist attack in the U.S. had a major impact, in terms of strategy and security, on U.S. foreign policy. Since then, Washington has decided to divert its attention from Euro-Atlantic cooperation to more pressing issues, such as terrorism, rogue states, and the proliferation of weapons of mass destruction (WMD).\(^{27}\) With this redirected U.S. foreign policy, the EU and, particularly, NATO play the role of occasional contributors to the fight against terrorism. The EU and NATO are used as strategic and logistical levers in Washington’s mission to eradicate from the face of the world terrorist groups such as al-Qa’eda, Hezbollah or Al Aqsa Martyrs’ Brigade.

Difficulties in the elaboration of a Euro-Atlantic security strategy lie in the fact that the two partners find themselves in different historical situations and are preoccupied by quite different issues. The EU is a regional power engaged in a deep and long process of political, economic and military construction and consolidation. The U.S. is a global superpower tangled up in the web of current world security issues. As for the Black Sea region, Brussels’ and Washington’s interests differ on basically three aspects. First, for the United States, the Black Sea is only one region among many others where it is involved and where Washington’s support is openly solicited. For the EU, the Black Sea is an inevitable part of its neighborhood and the theater of wide-ranging changes, which include preventing and resolving violent ethnic conflicts. Second, the implementation of the Wider Black Sea Area concept is strategically connected with the concept of the Greater Middle East, which is at this crucial juncture at the heart of White House’s preoccupations. In other words, Washington considers the Black Sea region as a bridge connecting the Middle East with Europe. Third, the U.S., contrary to the EU and following the example of Russia in Chechnia, is at the moment fighting a war in Iraq. It is also fighting a “Global War on Terror” that has no temporal and spatial boundaries.

Euro-Atlantic strategy for the creation of a security zone in the Black Sea region will largely depend on the evolution of the U.S./U.K.-led military campaign in Iraq and the “war on international terrorism.” For countries of the Black Sea Area, their political stance on these two global issues will determine their political and security dialog and cooperation with the United States, Russia and the EU.

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\(^{24}\) See: R. Asmus, B. Jackson, op. cit.

\(^{25}\) See: M. Bran, “L’activisme américain autour de la mer noire,” Le Monde, 4 April, 2005.


In this article, we discussed three factors—EU internal politics, EU-Russia partnership and transatlantic relations—that are contributing to the development and the evolution of the EU’s policy toward the Black Sea region. However, two other processes are likely to affect how the EU and transatlantic states approach their future relations with Black Sea states, and particularly the most ardent promoters of integration into Euro-Atlantic structures: Yushchenko’s Ukraine and Saakashvili’s Georgia.

One process involves the GUAM (Georgia, Ukraine, Azerbaijan, Moldova) organization’s definition of its status and objectives. GUAM was created as a geopolitical entity essentially to compete with Russia in the Black Sea Area. The problem is that GUAM members have somewhat different preferences. On the one hand, Ukraine, Georgia and, to a lesser extent, Moldova seek to integrate into “Euro-Atlantic” institutions (NATO, European Union). On the other hand, not one single country seriously thinks that Azerbaijan is a potential NATO member country, despite cooperation agreements between Baku and Brussels. Moreover, if “colored revolutions” triumphed in Ukraine and in Georgia, Ilham Aliev for his part was successful in preventing such an occurrence from happening in Azerbaijan. Considering the existence of various national political situations, one possible scenario is that the West could make use of GUAM’s levers in its battle with Russia and Iran for political control over the Southern Caucasus and the Black Sea Area.

The precariousness of the GUAM organization doubtless explains the recent establishment of the Community of the Democratic Choice (CDC), an interstate structure. This organization comprises nine countries from the Balkan, Baltic, and Black Sea regions. The fate of this second process, to a great extent, will depend on the developing relations with the EU and NATO. At the moment, the West seems favorably disposed to CDC’s actions and plans, but nevertheless it behaves with considerable sense and circumspection.

Despite many impediments, internal and external, the EU’s involvement in the Black Sea region is likely to be reinforced with the passage of time. However, to a great extent, the EU’s strategy depends on its internal political situation. The Black Sea region will serve as a litmus midterm test for the EU’s Common Foreign and Security Policy and the European Neighborhood and Partnership Instrument (ENPI). This latter developmental instrument, which has become operational in 2007 under the new EU budget, is supposed to provide financial assistance to EU neighbors, and in the case of the Black Sea region, to the Organization of the Black Sea Economic Cooperation (BSECO).

The EU’s relations with states of the Black Sea Area will face two immediate challenges. The first challenge is the dominance in the EU neighborhood policies of a bilateral approach with states of the Black Sea region. Although complementary regional polices have been developed with all EU’s neighboring regions (examples are the Euro-Mediterranean Partnership, the Stabilization and Association Process, the Northern Dimension), the Black Sea region remains the exception.

It is noteworthy that the EU actively participates in regional organizations and initiatives, such as the Stability Pact for South Eastern Europe, the Central European Initiative, Barents and Baltic Councils and others. But here again, there are no such organizations or initiatives that have specifically been created for the needs of the Black Sea region.

This begs the question as to why the EU has not yet proposed the creation of an organization for the Black Sea region that is similar to the “Northern Dimension.” True, there are regional sectoral programs and initiatives, including the Black Sea PETrA (Pan-European Transport Area) programs on transport, the TRACECA (Transport Corridor Europe-Caucasus-Asia), the DANBLAS (Danube-Black Sea Environmental Task Force) initiative and the INOGATE (Interstate Oil and Gas Transport to Europe) program and multilateral agreement. But these initiatives do not correspond to a truly integrated and coordinated foreign policy. Simply speaking, a low level of support inside the EU is the main contributing reason for the absence of a “Black Sea dimension.”
The second challenge will be to convince EU skeptics that a deeper involvement in the Black Sea region can bring about added value and be useful in achieving Brussels’ security and economic objectives. For many EU members, Black Sea regional organizations are only “talking shops” and have no particular relevance to the EU.

One positive sign comes from new EU member states and their Eastern neighbors. Countries like Estonia, Latvia, Lithuania and Poland and the two members, Rumania and Bulgaria, are increasingly joining forces in what is referred to in EU circles as the “Baltic-Black Sea axis.” Also, the “New Group of Georgia’s Friends” was founded by four new EU members—Estonia, Latvia, Lithuania and Poland—in early February 2005. These countries, through the “New Friends” initiative, want to share with Georgia the wealth of experience they acquired in their process of accession to the EU and NATO. As a complement, they also want to promote the Wider Black Sea Area. Moreover, they also want to promote the Wider Black Sea Area as a region and a concept in achieving different security and developmental objectives.

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THE NORTHERN CAUCASUS: SITUATION ANALYSIS AND POSSIBLE WAYS TO OVERCOME THE CRISES AND CONFLICTS

Abstract

This article looks at the political and socioeconomic collisions in the Northern Caucasus, one of the most geopolitically and ethnopolitically problematic regions of the present-day Russian Federation. According to the author, the conflict-prone potential of this region is spearheaded by various factors ranging from the history of ethnic relations in the region to ethno-confessional and axiological characteristics of the different nationalities residing in it.

Introduction

The Northern Caucasus is one of the largest, as well as most problematic and vulnerable regions of the Russian Federation. Being an integrated economic region in the past, the Northern Caucasus current-
ly unites seven national republics—the Republic of Adigey, the Republic of Daghestan, the Republic of Ingushetia, the Karachaevo-Cherkessian Republic, the Kabardino-Balkarian Republic, the Republic of North Ossetia Alania, and the Chechen Republic, as well as the Krasnodar and Stavropol territories and the Rostov Region. The geopolitical significance of the Northern Caucasus is indisputable, and its stability is important not only for ensuring the security of Russia’s southern frontiers, but also for preserving peace and restoring good-neighborly relations with its southern neighbors, primarily Georgia, and finally in order to maintain the balance of power in the Great Chess Game in the Eurasian expanse.

At the same time, we cannot fail to notice that Russia’s state policy in the Northern Caucasus over the past fifteen years has been characterized by the absence of strategic approaches to finding a solution to the difficult problems that have accumulated, which has led to several serious economic and political blunders. So it seems pertinent to look at the main aspects of the current situation in the North Caucasian region and find ways to settle the crises and conflicts that have arisen there.

The Socioeconomic Situation

The events of the past fifteen years have confirmed the important conclusion that the abrupt deterioration in the economic situation is inevitably leading to an increase in social and national tension, which has been having a direct effect on the situation in the North Caucasian republics. Social stratification of the multiethnic formations was manifested to the greatest extent here, including at the grassroots level, due to the halt in the activity of the state economic structures, the sharp drop in social management, mass unemployment, total corruption, and criminalization of economic activity. The demands of the advanced part of the North Caucasian societies for democracy, political freedom, and national independence, which were voiced at the beginning of the 1990s and not underpinned economically, began to turn into ethnic and national contradictions and conflicts, strivings for ethnic separatism, and attempts to restructure the existing territorial units.

The main regions of the Northern Caucasus have the lowest economic development indices in Russia (with the exception of some types of agricultural products). The region’s traditional industries are concentrated in the piedmont area, where small amounts of coal, oil, and gas are produced, and there are also machine-building, chemical, light, and food industries, while the mountainous regions have ferrous metallurgy, as well as the food and light industries. After 1991, the indices dramatically dropped in all of these industries: the volume of annual oil production decreased three-fold (in 2002, it was 3-4 million tons compared with 10-12 million tons at the end of the 1980s), coal production amounts to 10-12 million tons compared with 29 million in 1990, and gas production comprises approximately 3.5 bcm (it dropped several times compared with the mid-1970s when the gas-producing regions of the Northern Caucasus provided 1/5 of the nation’s gas production). 1

The socioeconomic situation has been wavering for the past fifteen years due to the breakdown in economic ties after the collapse of the U.S.S.R, the low competitiveness of production in the state economy, and the wars in Chechnia. The existence of several “procumbent” conflicts has also had an extremely detrimental effect on the state of the economic complex of the North Caucasian region. According to specialists, no improvement in the performance of the region’s production complex can be expected without economic restructuring, and this requires large investments.

The shadow economy is an increasingly important sector of economic development, a kind of buffer between the old and new economic structures for partially absorbing the negative social consequences of the reforms. 2 The main branches of the shadow economy in the Northern Caucasus that formed during the 1990s and retain their importance to this day are as follows:

1 See: V.V. Kistanov, N.V. Kopylov, Regional’naia ekonomika Rossii, Financy i statistika, Moscow, 2003, p. 424.
Unlicensed manufacture of petroleum products and their sale (primarily in Chechnia);

Unofficial (amateur) production of caviar and sturgeon and their sale via the underground trade network;

Unlicensed production of wine and vodka surrogates from contraband liquor under well-known trademarks;

Unregistered export through the port in Novorossiisk.\(^3\)

The shadow (unofficial) economy creates opportunities for some people to find second or even third jobs, thus raising their incomes to the necessary consumption level, and this explains why the shadow sector in the South of Russia comprises an average of 30%, that is, essentially every third resident is engaged in illegal business. These indices are particularly high in North Ossetia (80%), Ingushetia (87%), and Dagestan (75%).\(^4\)

But these same republics top the list of the most subsidized constituents of the Russian Federation. According to the most modest estimates, in 2004, the state lost approximately 50 billion rubles due to the shadow economy in the North Caucasian region, while financial aid (subsidies) to the South of Russia amounted to 47 billion rubles at that time. According to the data of the Russian financial monitoring service (Rosfinmonitoring), more than 50,000 economic crimes were exposed during this period, 13.5% of which were large or extremely large, and the amount of damage they inflicted was estimated at 56 billion rubles.\(^5\)

This money would have been impossible to appropriate without the help of high-ranking officials acting within the framework of a well-defined clan system. “The corporate associations that have formed in the government structures have monopolized the economic and political resources. In all the North Caucasian republics, the leading positions in the government structures and the largest economic entities are occupied by people who are related to each other. This has disrupted the system of checks and balances, which is leading to a spread in corruption.”\(^6\)

The economic system that has developed in the North Caucasian region has resulted in an uncontrolled increase in unemployment that is much higher than the average indices throughout Russia. According to unofficial data, from 70% to 80% of young people (under the age of 30) do not have a permanent job, which is not only related to the critical state of the economy, but also to the low level of professional training. This is primarily explained by the fact that in the armed conflict areas, it is much harder to obtain school and technical education.

Mass unemployment among young people is hiking up the level of social tension and aggravating the criminal situation, thus augmenting the influence of extremist, including armed, groups. The residents of the region possess hundreds of thousands of firearms, and almost every home keeps cold arms on hand. This, regardless of the will and intentions of the peaceful majority of the population, is creating the danger of the accumulated contradictions escalating into an armed conflict.

Under these conditions, many national groups of the population are trying to find a solution to the current economic situation by means of ethnic separation and to obtain benefits and advantages from this, whereby the larger groups are carrying out “economic expansion” with respect to their neighbors, while the smaller ones are striving for administrative separation (for example, the Kabardinians and Balkars in Kabardino-Balkaria). Direct evidence of this is the creation of nationalistic political parties and sociopolitical movements in most of the regions of the Northern Caucasus (Karachais, Balkars, Kabardinians, and Circassians, for example, are characterized by a high level of

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\(^6\) Quoted from the report published in Moskovskiy komsomolets newspaper on 16 June, 2005 by authorized representative of the Russian President in the South Federal District D. Kozak.
sociopolitical mobilization). In most ethnic groups, this is related to the restoration of historical and spiritual values, which has a direct effect on ethnopolitical mobilization.

For the past 15 years, a trend has also been designated in the Northern Caucasus which is known in conflict resolution studies as the differentiating function of the conflict. It is manifested in the disintegration into parts of a previously integrated region with subsequent polarization of relations. This becomes obvious using the example of two North Caucasian republics—Kabardino-Balkaria and Karachaevo-Cherkessia, in the names of which two nationalities are designated that were arbitrarily united within a single administrative framework without taking into account their ethnic and linguistic affiliation, lifestyle (valley dwellers, mountain dwellers), and the size of each of the ethnic groups.

The overall level of conflict-proneness in the Northern Caucasus can only be reduced if the socioeconomic situation is stabilized and economic reforms are carried out keeping in mind the specifics of the long-term historical development of this region, which can be considered one of most problematic and challenging in the Russian Federation. The slowdown in economic rates is promoting a search for autonomous development paths and prompting the national republics to turn to traditional forms of cooperation among themselves and with the main regions of the Russian Federation.

Historical Memory

Historical memory in the peoples of the Northern Caucasus has preserved a whole series of episodes of reciprocal movement toward each other in search of rapprochement with Russia, which was accompanied both by diplomatic contacts and bloody wars, as well as often by direct tyranny. From time immemorial, the mountain peoples have been surrounded by more powerful states, and in the 16th-18th centuries, the Northern Caucasus became an arena of conflict among Ottoman Turkey, Persia, and Russia. But in contrast to the Transcaucasus (the Southern Caucasus), the regions located to the north of the Great Caucasian Mountain Range, with the exception of Kabarda and Alania (Ossetia), had only episodic relations with Russia right up until the second half of the 18th century.

In the 19th century, the fifty-year Caucasian war, which unfolded in a series of armed conflicts, first with the Chechens and Avars and then with the Adighes (Circassians), led to Russia assuming the image of permanent enemy in the eyes of the mountain dwellers. During the hostilities, a large part of the indigenous population was physically destroyed or driven out of the Middle Eastern countries, and entire ethnic groups disappeared.

But the mountain leaders, including Shamil, were unable to raise the whole of the North Caucasian population to fight against Russia. Historians who have studied this era explain this by the fact that despite all the gross mistakes St. Petersburg made in its policy toward the Northern Caucasus, pragmatism ultimately took the upper hand in it. The Russian politicians steered clear of any hasty attempts to radically restructure the mountain lands along the lines of the Russian gubernias, instead limiting themselves to minimum interference in the domestic lives of the mountain dwellers. Confirmation of this was the formation of the Caucasian vicegerency in 1845, a special form of governance that kept in mind the regional specifics as much as possible. This “state within the state” was usually headed by flexible pragmatists who knew the territory well and were interested in and respected the people living in it, as well-known Russian expert on the Caucasus V.V. Degoev noted. They be-

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8 See: M.M. Bliev, V.V. Degoev, Kavkazskaiia voina, Moscow, 1994, p. 148.
lieved, he continued, that unification with the empire by force alone was unproductive and fraught with the opposite result. Mutual understanding, mutual tolerance, and mutual gain were needed. And, of course, an understanding of the indubitable truth: the multifarious ethnic and cultural world of the Caucasus formed over long centuries could not in principle become absolutely Russian.10

After October 1917, the Bolsheviks were able to successfully take advantage of the historical momentum of the relations with the Caucasian peoples, and during the years of the civil war, the North Caucasian periphery became a convenient springboard for repressing freedom in the Southern Caucasus. But the next steps—forced collectivization, repeated re-drawing of the borders of the North Caucasian autonomous republics, and then the direct crimes of the Stalin regime—could not help but have an impact on the further formation of the mentality of the subsequent generations.

Sweeping deportations to Kazakhstan and Central Asia of entire ethnic groups (Chechens, Ingushes, Balkars, and Karachais), who were indiscriminately accused of “treason,” were carried out with particular brutality in the winter of 1943-1944. Many people perished on the way, but according to the official statistics of the U.S.S.R. NKVD for October 1946, among the deportees there were 400,478 Chechens and Ingushes (including 191,919 children under the age of 16); 60,139 Karachais (32,557 children); and 32,817 Balkars (16,386 children).11

The de-Stalinization processes that began in 1957 promoted the gradual rehabilitation and return to the Northern Caucasus of those who were able to live through the hardships of exile. But problems of accommodating the forced migrants arose due to their frequently tense relations with the ethnic groups that made up most of the Caucasian people. Conflicts arose between the Ingushes and Ossets, Balkars and Kabardinians, Karachais and Circassians. On a wider scale, problems also arose with restoring the administrative units and territorial demarcations abolished after the deportations.

The matter initially concerned the revival of national languages and cultures, but later political demands were also formulated, including with respect to changes in the borders of the national autonomies and dividing the “bi-national” republics—Kabardino-Balkaria and Karachaevo-Cherkessia. In so doing, the national self-organization of ethnic groups primarily occurred within democratic union-wide, and then Russian-wide movements.

In April 1991, the Supreme Soviet of the Russian Federation adopted a law on rehabilitation of repressed peoples which also contained Arts 3 and 6 regarding their “territorial rehabilitation.”12

Later it became evident that this law was of a general, essentially framework, nature and could not meet the specific demands of the ethno-national groups. Moreover, sub-legal acts to them were not drawn up. The RF presidential decree signed in July 1995 corrected the situation somewhat by insisting on observance of the procedure and conditions set forth in the RF Constitution (Art 65.2 and Art 67.3, according to which the borders between RF constituents could only be changed with their mutual consent) when carrying out “territorial rehabilitation.” Approval of the changes of inter-republic borders was entrusted, according to Art 102 of the Constitution, to the Federation Council.13

But neither the 1995 decree, nor the sub-legal acts adopted after it removed the urgency of the ethnic disputes and territorial demands, which, in addition to everything else, went beyond the framework of the provisions of the 1991 Law. Historical justice could only be restored by means of mutual concessions and compromise decisions, but this was impossible due to the increase in authoritarian trends. Other forms of ethno-national self-determination (national and national-cultural autonomies) were not taken into account from the very beginning, and it would be a long time before a polyethnic civil society was formed in the Northern Caucasus.

12 Gazette of the Congress of People’s Deputies and RF Supreme Soviet, No. 18, 2 May, 1991, p. 572.
On the whole, this hiked up the tension in the national regions of the Northern Caucasus, particularly against the background of their economic stagnation and the unresolved social problems. The Islamic factor, which was already becoming obvious and now occupies a prominent place in the political life of the North Caucasian republics, also complicated the situation.

Islam in the Northern Caucasus

Before the beginning of the 1990s, Islam did not have any significant influence in the Northern Caucasus, particularly in its western part. The mountain traditions were always more important than Islam, particularly since Islamization of the Northern Caucasus, which did not begin until the 19th century, was interrupted in 1917. But as early as the second half of the 1990s, as social protests rose, the democratic movements that began during perestroika and were gradually reduced to naught began to be replaced by religion. The network of radical religious organizations increasingly spread, and there is sufficient evidence to state that today it has cells everywhere, including in the government structures of most republics.

By the beginning of the 2000s, the Muslim population of the region amounted to about four million people according to approximate estimates, whereby Islam did not enjoy the same influence everywhere. It was strongest in the east: in Daghestan, Chechnia, and Ingushetia, and weaker in the west (Adigey, Kabardino-Balkaria, and Karachaevo-Cherkessia). In the eastern regions, primarily in Daghestan, despite the persecution in the years of Soviet power, the tradition of the Islamic culture survived, the center of which was Derbent. The local Muslims succeeded in saving quite a few medieval manuscripts. At that time, it was just in the east of the Northern Caucasus after the collapse of the U.S.S.R. that foreign missionaries began their activity.

The penetration of traditional Islamic trends uncustomary for the North Caucasian Muslims could only have been prevented by returning to the Soviet system of total suppression of religion, which was already impossible. The foreign preachers acted resolutely, however, by classifying the calls to purify Islam as social demagoguery and taking advantage of the weakness of their opponents both in the religious sphere as such, and on the political arena.

According to the estimates of authoritative Russian academic experts on Islam, radical Islam—Wahhabism (a more precise concept is Salafism)—initially declared its purpose to be purifying Islam by calling for social equality and social justice. The political leaders of the North Caucasian republics at first preferred to steer clear of the religious disputes, while supporting Moscow’s official position. But soon they began to see the activity of the preachers as a threat to their political position and support of those who were dissatisfied with the situation, after which, as early as the second half of the 1990s, mass persecutions of believers who were suspected of being affiliated with Wahhabism began.

Keeping in mind the difficulty of the socioeconomic situation and the ethnic opposition in the North Caucasian region, the local and central authorities will sooner or later be forced to conclude that it would be much more sensible to prevent a further expansion of extremism by means of a public dialog than fight it with force. It is no accident that former authorized representative of the Russian president to the South Federal District D. Kozak spoke out against calls for an immediate ban on Wahhabism after the events of October 2005 in Nalchik. By this time, it had become clear that for

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15 See: Ibid., p. 9.
the main groups of young people, the matter concerned the revival of Islam not only as a historical and cultural tradition and not so much as a religious outlook, but primarily as a way of life imbued with high morals and responsibility.

Conflict of Value Orientations

There is also the problem of ethnic and personal differences and a conflict of value orientations among the peoples and elites of the Northern Caucasus and central regions of Russia. Emerging against the background of the ongoing instability in the Chechen Republic and the terrorist acts beyond its borders, Caucasus-phobia has become entrenched in the mass consciousness of some Russians and is beginning to have an indirect effect on the policy being conducted toward this region. Many previous achievements of national policy that could not withstand the rapid change in orientation were cancelled—the tests of democracy and the reforms of the 1990s and the subsequent confirmation of authoritarianism.

What were the value orientations of the residents of the national regions of the Northern Caucasus defined by earlier and how are they defined now, and what gives rise to their conflict-proneness with the residents of other regions of Russia? For many years, academic ethnologists have been studying this problem, and today their findings have been formulated in several published works.18

Most authors today admit that the peoples of the Caucasus (both the South and the North) historically formed and interacted under the conditions of a multilingual, inter-civilizational, and inter-confessional dialog, so they were open to all kinds of influences and impacts from the most diverse value orientations and systems. The Caucasian identity has developed from real elements of the material, normative, and everyday culture of different ethnic groups, after incorporating the Islamic and Christian mentality, traditions, and customs of mountain and valley cultures and sprinklings of the Turkish, Persian, Greek-Roman, Arab, and Slavic civilizations. In recent and most recent times, integration of the Caucasus into the Russian-Empire and later into the Soviet context played an important role.

It just so happened historically, notes Afrand Dashdamirov (acting member of the Azerbaijani Academy of Sciences), that in Russia the Caucasian peoples were perceived and are still perceived by the mass and elite consciousness not only and sometimes not so much as independent ethnicities, but as a single whole, as “Caucasians” in general. Whereby the image of “Caucasian” at different historical times and depending on the different political situations assumed both positive and negative hues, so today’s stereotype of “person of Caucasian nationality” has its ethno-psychological roots in the historical past.19

A practical cross-section of the current, at times extremely unfriendly, attitude toward representatives of the Caucasus (including of the North) has also become a barometer of the ill-being of Russian society, which is showing increasing features of aggressive nationalism and xenophobia previously unknown to it expressed recently in the slogan “Russia for the Russians.” Essentially inappropriate for multinational and multi-confessional Russia, this slogan has laid the foundation for open anti-Caucasian speeches and pogroms, as happened for example in 2006 in Kondopoga.

To a certain extent, the events in Kondopoga revealed deeper reasons for the conflict of value orientations between the residents of the Russian “center” and the “Caucasians.” The people of the Northern Caucasus (in this case, Chechens) are usually characterized by a penchant for business,

18 See: A.F. Dashdamirov, Ideologicheskie problemy mezhkavkazskikh otnosheniy, Baku, 2001. The author of this publication also relied on a general article by Professor V.A. Tishkov, director of the RAS Institute of Ethnology and Anthropology (Nezavisimaiia gazeta, 22 January, 1998).

trade, and seasonal work to maintain families with a large number of dependents (children and elderly), as well as a striving for a higher level of prosperity. In the national environment represented by the indigenous residents of Kondopoga, this was unacceptable and aroused open protests, right down to demands to expel “all blacks” and confiscate their property. And as experience showed, this kind of demand could be made not only of Chechens.

The high level of entrepreneurship and competition in the struggle to achieve a high standard of living and dignified status is essentially characteristic of all residents of the Caucasus, primarily of its mountainous regions, where economic activity in the severer natural conditions is much more difficult than in the fertile valleys. So in terms of their labor skills and psychology, the Caucasians have proven more prepared for the market reforms, which demand an active lifestyle.

But the situation that developed gave rise to serious problems and contradictions. The mutual complaints of the indigenous residents of the Russian valleys and the newcomers trying to actively establish themselves in the economy and politics gave rise to ethnic tension. Their attempts to legally realize their potential fell on barren ground and, in the end, ethnic nationalism took the upper hand on both sides. This shows how a conflict of value orientations can undermine the Russian Federation’s integrity and unity, which makes it impossible to ignore the continuing outflow of the Russian population from the North Caucasian republics.20

Russians began to leave the North Caucasian republics during the second half of the 1980s, and at the beginning of the 1990s, the process became ubiquitous, which was explained by the destruction of the science-intensive potential of the North Caucasian republics, the spreading influence of the ethnic clans, and the emergence of numerous ethnic conflicts. As a result, as early as the beginning of the 2000s, there were no more than 4% of Russians left in Chechnia, 1% in Ingushetia, and no more than 5% in Dagestan. The number of Russians in Kabardino-Balkaria is a little higher at 25%, while they constitute 23% in North Ossetia and 33% in Karachaevo-Cherkessia.21 These figures fluctuate since the constantly changing national composition makes it difficult to keep a reliable record, plus the size of the Russian population (this particularly applies to North Ossetia) has been increasing due to the presence of federal servicemen and their families, who cannot be counted as permanent residents. In Kabardino-Balkaria, the Russian (Slavic) population is represented by Terek Cossacks, and in Karachaevo-Cherkessia by regions that used to belong to the Stavropol Territory.

Continuing Instability

In recent years, fears have repeatedly been expressed about the threat to Russia’s territorial integrity within its existing boundaries, and the Northern Caucasus has been mentioned as one of the most problematic regions. This problem was discussed in greater detail in a publication by the Agency of Political Science of 22 July, 2005 called Severniy Kavkaz: karta ugroz (The Northern Caucasus: A Map of Threats).22

The author of the publication stated that latent (procumbent) separation is going on in the Caucasian republics against the background of the economic depression. This means that the population, while paying lip service to the existing authorities, is becoming increasingly alienated from it and looking for a solution to its problems without assistance from the federal authorities. The administrative system in the Caucasian regions is ineffective, which is leading to a weakening of economic and

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22 [www.akhaziainfo.f2o.org/analitics].
legal ties among the republics and the federal center. There is also the problem of information isolation, which is leading to decisions being made that lag behind the dynamically changing situation. The regional authorities are corrupted, bound to the system of clan structures, and sometimes simply incompetent. Loss of control over the observance of the federal laws means loss of control over territory, even if no one (or almost no one) shows any inclination toward separatism, notes the author. Western experts who are closely studying the situation in the Northern Caucasus are also inclined to look at the Northern Caucasus as Russia’s “internal abroad.”

On the whole, it can be claimed that over the past two decades, the North Caucasian republics have been in a state of “controlled conflict,” with the exception of the two Chechen wars that designated the shift of the Chechen problem from the 19th to the 21st century, whereby the local wars in Chechnia became a significant factor in Russian national policy. As the authors of a recently published book rightly noted, “the Chechen conflict did not only have a direct effect on Russian society and the state, it became a barometer of the maturity of this society and of its ruling elite.”

The general situation in the Northern Caucasus continues to experience the negative effects of the ongoing conflict in the Chechen Republic and its surrounding regions. According to the statement by commander of the combined group of forces in the Northern Caucasus Colonel General Evgeniy Bariaev (November 2006), there are up to 700 militants in the south of Chechnia, which, according to his explanation, is “due to the inflow of young people into the illegal armed formations.” The general added, “according to the available information, a large sum of money has been allotted to financing the militants” (which is confirmed by the existence of channels for financing terrorists that have still not been intercepted), and openly admitted that “it is impossible to oppose the band formations with military methods alone.”

He was also supported by then president of Chechnia Alu Alkhanov, who stated that although the federal center is transferring billions of rubles to Chechnia for the restoration programs being developed, unemployment remains at the previous level and young people are not going to the widely acclaimed “building projects of the century,” but into the mountains.

The operative situation remains unstable in other regions of the Northern Caucasus too: in the words of Head of the National Antiterrorist Committee, FSB Director Nikolai Patrushev, “terrorists are spreading throughout the entire region.” In the republics of Daghestan and Ingushetia, which neighbor on Chechnia, the authorities have still been unable to do anything to oppose terrorism. And whereas at the beginning of the 2000s, there was one hotspot in the Northern Caucasus—Chechnia, now there are more, which the authorities have also been forced to admit.

At the end of 2005, the leadership of the South Federal District tried to overcome the current situation by introducing external financial management in the crisis zones—Ingushetia and Daghestan (this possibility was envisaged by the Russian Federation budget code: if the region’s debts exceed 30%, a temporary financial administration can be introduced in it). In Daghestan, this proposal was received with Oriental diplomacy: “they did not react at all, however, they took offense,” a commentary published right after this announced. President of Ingushetia Murad Ziazikov reacted less diplomatically: “I will simply not accept this and believe the statements of certain politicians that the Caucasus is corrupt to be provocative… We have had enough external management already, Chechnia alone is enough.”

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23 Puti mira na Severnom Kavkaze, p. 157.
26 Ibidem.
29 Ibidem.
The western subregion of the Northern Caucasus is made up of the republics located to the west of North Ossetia: Kabardino-Balkaria, Karachaevo-Cherkessia, Adigey, as well as the Krasnodar Territory and Rostov Region. Despite the internal contradictions and involvement in international conflicts—the Georgian-Abkhazian and Georgian-Ossetian—they are relatively more stable. Nevertheless, there is still tension in the “bi-national” republics of Kabardino-Balkaria and Karachaevo-Cherkessia, as well as in the Krasnodar Territory and its interrelations with Adigey.

Conclusion

To sum up, it can be said that the current extremely difficult situation in the Northern Caucasus reflects the urgent processes and forms of Russia’s establishment as a federative state. But, in contrast to its central regions, where economic and social issues come to the forefront, in the southern areas they are significantly complicated by the challenges of nationalism, diversity of cultures, and the need to harmonize the revival of Islam and the European (Christian) model of Russia’s development. The experience of the past fifteen years has shown how difficult these problems are and confirmed that they cannot be resolved by force. So essentially new ways to regulate the crisis and conflict situations not only in the Northern Caucasus, but also in other similar regions of the world must be sought.

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THE MAIN DEVELOPMENT TRENDS IN BILATERAL RELATIONS BETWEEN AZERBAIJAN AND ISRAEL

Abstract

This article looks at the issues involving Azerbaijani-Israeli relations: their sources and the main development vectors in interstate political and economic ties. It emphasizes that the relations between the two states and their people are unique and could serve as an example for many countries. But the complicated geopolitical situation in the region is having a negative effect on the development of bilateral relations between Baku and Tel Aviv. Keeping in mind the above facts, the author attempts to identify the main trends in the further development of relations between these two countries.
Introduction

To begin with, let us note that Jews have been living in Azerbaijan for more than two thousand years. After analyzing the historical relations between the two nations, the absence of anti-Semitism in Azerbaijan, as well as the relations developing between the Azerbaijani Republic and the State of Israel, experts from the Washington Institute for Near East Policy Soner Cagaptay and Alexander Murinson concluded that Azerbaijan is the best example of coexistence between Jews and Muslims in Eurasia.¹

In recent years, official relations between the Azerbaijan Republic and Israel have been developing intensively. Tel Aviv is becoming one of Azerbaijan’s leading trade partners. In the political respect, some Israeli diplomats note that the good relations between the Azeris and Jews are a role model not only for the Muslim countries of Eurasia, but also for several developed states of the West where manifestations of anti-Semitism are becoming more frequent with each passing year. However, the geopolitical situation in the region does not allow Azerbaijan and Israel to make use of the existing potential to promote more productive cooperation.

So the main purpose of this article is to study the major obstacles hindering the development of bilateral relations, as well as draw up specific recommendations to enhance them.

Sources of Azerbaijani-Israeli Relations

Dozens of nationalities and religious confessions have peacefully coexisted in Azerbaijan for centuries. The high ethnic tolerance of the Azerbaijani people has been conducive to their successful integration and motivation, so the multi-century history of Jews living in the country should come as no surprise.² This is precisely why Azerbaijan provided refuge for many Jews who were forced to leave Eastern and Western Europe due to anti-Semitism. It should be noted that in terms of compact residence of Jews, the Azerbaijan Republic occupies second place after Israel, which is the historical homeland of this nation. Some Israeli publications have been known to call Azerbaijan “a quiet haven for the Jewish community.” Every year, the U.S. State Department’s International Religious Freedom Report makes special note of the fact that Azerbaijan is a state that shows high tolerance toward all religions, including toward Jews.³

Approximately 20,000 Jews live in the settlement of Krasnaia Sloboda in the Guba Region, which has three synagogues and learning and cultural centers for teaching the local Jews. It should be emphasized that the Azerbaijan Republic is the only Muslim country in the world where a synagogue was built with the direct participation of the state.

There are three Jewish communities in present-day Azerbaijan: the mountain Jews, the Ashkenazi Jews, and the Georgian Jews. The largest is the community of mountain Jews, whose ancestors, according to some information, appeared here almost 15 centuries ago. According to historical data, after the Mazdakite movement in Iran was suppressed (end of 5th-beginning of 6th centuries AD), most of the Iranian Jews who supported it were exiled to the periphery of the empire—to the territory of present-day North Azerbaijan and South Daghestan. They spoke the southwestern dialect of the Persian language, which has been almost completely preserved in the mountain Jewish lan-

guage. But the mountain Jews themselves believe that they descended from the Jews who were taken captive by Assyrian czar Sargon after the seizure of Samaria in the 7th century BC and settled, according to the Book of Kings, in the Median mountains.⁴

In turn, some scientists believe that the first Ashkenazi Jews arrived in Baku in the 19th century, after Azerbaijan joined Russia under the Gulistan Peace Treaty signed between Iran and the Russian Empire in 1813. At that time, Georgian Jews appeared in Azerbaijan, and Russian sectarians, Subbotniki and Geres, who preached Judaism, have also lived here since the 19th century. Beginning in 1870, due to the tempestuous development of the oil industry in Baku, the flow of Jews from the European part of Russia into North Azerbaijan dramatically increased. They were mainly representatives of the intelligentsia: engineers, physicians, lawyers, and teachers. “During the years of Soviet power, the number of Jews living in Azerbaijan increased threefold. After the Zionist organizations existing in the republic were routed in the 1920s, and during the repressions of the 1930s, most of the mountain Jewish intelligentsia was destroyed, a few strictly state-controlled synagogues were all that remained of the only Jewish institution in the country.”⁵

At the end of the 1980s, mass repatriation of the Azeri Jews began. Between 1989 and 2002, approximately 45,000 people emigrated to Israel from Azerbaijan, and more than 11,000 left to earn a living in Russia.⁶ Unfortunately, it is very difficult to determine the precise number of Jews currently living in Azerbaijan, since Jewry is passed down on the maternal side of the family, which makes it difficult to record. Even the Israeli embassy in Azerbaijan has only approximate data for 1999, whereby they give the figure of 40,000 Jews residing in the country.⁷ But the information of the leaders of religious communities greatly differs from that of the diplomatic mission. “According to their data, there are currently approximately 16,000 Jews living in Azerbaijan. There are about 11,000 mountain Jews. Six thousand of them live in Baku, and 3,600 reside in the other regions of the country, mainly in the cities of Sumgayit, Ganja, Oğuz, and Geichai. For example, 1,300 mountain Jews live in the village of Privolnoe in the Jalilabad Region. There is a total of 4,300 Ashkenazi Jews in Azerbaijan, 3,500 of whom live in Baku. And there are only 600 Georgian Jews in Azerbaijan.”⁸ We will add that there are religious communities of mountain Jews in three Azerbaijani cities—Baku, Guba, and Oğuz, which also have synagogues, as well as in the village of Privolnoe, where there is a prayer house. There are synagogues of Ashkenazi Jews and Georgian Jews in Baku.

The first Jewish organizations (the Alef youth club and the Jewish cultural center) appeared in Baku at the end of the 1980s during perestroika. In 1996, the Jewish organizations which function in Azerbaijan became more active. The Jewish Sokhnut Agency for Israel, the Joint American Jewish Distribution Committee, and Waad le-Atsala began implementing various programs, of which they were the initiators. Under the auspices of the Joint Committee, a charity organization called Hesed Gershon, a Jewish cultural center, the Hillel youth club, and a kindergarten were created. Sokhnut formed 22 groups of educational programs in Baku and other cities of Azerbaijan where Jews live: Sumgayit, Ganja, Oğuz, and Oğuz. Four Jewish newspapers and information bulletins are published in Baku (all of them monthlies): Nash Izrail (published by the Jewish cultural center at the Israeli embassy in Azerbaijan), Or-Shelyanu (published by the Joint Jewish cultural center), Bashnya (published by the Hillel youth club), and Hesed Gershon (published by the charity center of the same name).⁹

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⁵ EVREI EVRAZII, Information-analytical publication of the Eurasian Jewish Congress, No. 3 (7), September-December 2004.
⁶ Ibidem.
⁷ Statistics presented by the Israeli embassy in Azerbaijan.
⁸ EVREI EVRAZII, No. 3 (7), September-December 2004.
⁹ Ibidem.
The fact that Azerbaijan is the only country in the post-Soviet expanse where Jews return after repatriation is of great significance. Taking into account the above, it is impossible not to agree with the experts of the Washington Institute for Near East Policy who say that the Azerbaijan Republic is a state that sets an example for other Muslim countries of Eurasia. While some Israeli diplomats believe that the republic is a role model not only for states where Islam is confessed, but also for other countries. In this respect, former Israeli ambassador to Azerbaijan Eitan Naeh noted: “Against the background of anti-Semitism in the world, the opposite picture is seen in Azerbaijan. While the number of cases of anti-Semitism is growing throughout the world, in Azerbaijan a synagogue was built at the state’s expense. This is a clear indication of tolerance.”

First Steps toward Cooperation

The tolerant attitude toward the Jewish minority in Azerbaijan did not go unnoticed by official Tel Aviv and international Jewish organizations. Israel was one of the first states to recognize Azerbaijan’s independence, and on 6 April, 1992, diplomatic relations were established between the two countries, while in August 1993, the State of Israel opened its diplomatic representative office in Baku. But the Azerbaijani leadership has not yet taken a reciprocal step, although this topic is discussed quite frequently in the Azeri mass media. Many observers believe that by opening its embassy in Israel, officials Baku will draw more investments from Israel and obtain even greater support from the Jewish lobby in the U.S. “First, Israel’s recognition even by such a small Muslim country as Azerbaijan means a lot for the Jewish lobby. Second, no one has any doubts about the power of the Israeli lobby on Capitol Hill in Washington, as well as in other financial and political circles of the world. Such powerful lobbyist organizations as AIPAC can change the opinion of American Congress. In our case, Azerbaijan can definitely count on an increase in military, economic, and political assistance from the U.S.” writes the newspaper Ekho.11 This question was also discussed during the visit of the leaders of the Conference of Presidents of Major American Jewish Organizations to Baku in February 2006.

Incidentally, the Israeli side, although it is talking about an Azerbaijani embassy being opened in Israel, understands the position of the Azerbaijani government, which has exerted much effort to preserve stability and peace in the region. According to the Israeli Foreign Ministry, official Tel Aviv understands Azerbaijan’s geopolitical position very well. By not opening its embassy or a diplomatic representative office in Israel, Baku is trying to maintain the political balance in the region. But it goes without saying that Azerbaijan is conducting an independent policy.12

However, the absence of an Azerbaijani embassy in Israel does not prevent their productive cooperation both in the bilateral format and within the framework of international organizations. During his visits to the U.S., the Azerbaijani president repeatedly met with representatives of American Jewish organizations; since 1993 he has met dozens of times with representatives of the Conference of Presidents of Major American Jewish Organizations, as well as with Israeli officials.

The importance of cooperation between Israel and Azerbaijan in the military sphere must also be mentioned. For example, Jane’s Defense Weekly reported in 1996: In order to resolve the Nagorno-Karabakh conflict, Azerbaijan is implementing a program aimed at upgrading its armed forces. With-

10 525 newspaper, 18 July, 2005 (in Azeri).
12 ATV, weekly program Hefte Sonu, 13 November, 2005 (in Azeri).
in the framework of this program, the Israeli military industry equipped the Azerbaijani army with the latest military aviation, artillery, and antitank and antipersonnel ammunition.\(^\text{13}\) The Washington Institute for Near East Policy also noted that Azerbaijan is closely cooperating with Israel and Turkey in intelligence and security. This includes information exchange and its careful study and analysis, which intensified even more after Israeli Prime Minister Benjamin Netanyahu’s visit to Baku. According to the Institute’s report, the Israeli power-related structures are holding special training sessions for representatives of the special services, intelligence, and security services accompanying the Azerbaijani president during his visits abroad.\(^\text{14}\) And Russia’s *Nezavisimaia gazeta*, when referring to the Lebanese newspaper *Muari*, ascertains the following: in 2001, as a result of secret talks between representatives of the Israeli and Azerbaijani military departments in Ankara, an agreement was reached on Tel Aviv delivering 100 Merkava tanks and 30 fighter planes to Baku.\(^\text{15}\)

“The reasons for the unadvertised nature of relations with Israel lie in the fact that close ties with Israel irritate Azerbaijan’s southern neighbor Iran. The Iranian leadership told Azerbaijan several times that building relations with a Zionist regime, the enemy of the Islamic world, was fraught with immense problems for Azerbaijan. But the republic’s foreign ministry also stated in no uncertain words that establishing relations with other states was Azerbaijan’s own prerogative. Admittedly, the Iranian side justifies its relations with Armenia by saying it is observing its national interests. It should be admitted that official Tehran has recognized Armenia as an aggressor country and, during every session of the Organization of the Islamic Conference, along with the other member states of the OIC, it calls on Armenia to liberate the Azerbaijani territory it is occupying. Former Iranian ambassador to Azerbaijan Afshar Suleimani explains the reasons for active cooperation between Tehran and Erevan in his own way: “Today, not one state can spoil its relations with another state because of a third state. In Iran, everyone thought that Azerbaijan would lay its oil pipeline through Iran. But Baku did not do this. Our relations with Erevan could only relax if Azerbaijan ran its oil pipeline through Iran. This would also be cheaper for you.”\(^\text{16}\)

Azerbaijan has no intention of spoiling its relations with Iran, which have deep historical and cultural ties. On the contrary, it is interested in intensifying its economic and political relations with Tehran. The frequent reciprocal visits of the heads of the two states and their officials in recent years are evidence of this. The volume of trade turnover is also increasing with each passing year and successful cooperation is continuing within the framework of international organizations. As for relations with Israel, it should be emphasized that they are not directed against any other state, particularly Iran. Moreover, the opinion of other countries of the Arab world that may not welcome official Baku’s policy toward Israel should also be taken into account.

However, the political situation around the Israel state is gradually changing. It has already established diplomatic relations with several Muslim countries, including Egypt, Jordan, Uzbekistan, Kazakhstan, and Kyrgyzstan. Turkey’s viewpoint on this question is also of great significance. The visits of the leaders of the two countries no longer arouse a negative reaction in the Muslim world. There is an Egyptian and Jordanian embassy in Tel Aviv, but this does not stop them from productively communicating with other Arab states of the region. The conflict between Israel and Palestine, which has been going on for several decades now, is very problematic, and it is unlikely that this problem can be resolved in the near future. So official Baku should not wait for international disputes to be resolved, but think about national interests that can be realized through close contacts with Israel.

\(^\text{13}\) See: S. Cagaptay, A. Murinson, op. cit.
\(^\text{14}\) Ibidem.
Cooperation in the Economic Sphere

Cooperation in the energy sphere is a priority of Azerbaijani-Israeli economic relations, since Tel Aviv is one of the main importers of Azerbaijani oil. As was noted above, Israel and the U.S. Jewish lobby have rendered comprehensive support to official Baku in implementing the project for building the main Baku-Tbilisi-Ceyhan (BTC) export pipeline. Azerbaijan needed an oil pipeline for delivering oil and gas to the world market. In turn, Israel, which is experiencing great difficulties in purchasing energy resources, was interested in reliable delivery sources. Buying oil directly from Arab states did not seem feasible, and purchasing it through agents was too expensive. It can be seen from a geographical map of the world that the port of Ceyhan is located several hundreds of kilometers from Israel. So full-capacity operation of the BTC pipeline (50 million tons of oil a year) could meet the needs of Turkey’s and Israel’s oil refineries. The latter would receive a reliable source of energy supply that is in no way related to the political factor, and Azerbaijan would be able to deliver its energy resources to the countries of the Far East via the Israeli Eilat-Ashkelon oil pipeline.

The talks on this issue culminated in Israeli National Infrastructure Minister Benjamin Ben-Eliezer’s visit to Baku on 6-8 June, 2006, the main purpose of which was to participate in the oil and gas exhibition held every year in the Azerbaijani capital. During his speech at the opening ceremony of the exhibition, the Israeli minister noted the importance of energy resources for Israel. He also stressed that creating an oil transportation system from Azerbaijan through Georgia and Turkey to the Mediterranean will make it possible to deliver hydrocarbons to Israel, which will meet the country’s needs for fuel. This will also provide the opportunity to export Azerbaijani oil to the East, to China, and to other countries.

This topic was the leitmotif of the meeting with the Azerbaijani president. Along with the transportation of Azerbaijani oil to the Far Eastern countries via the Israeli pipeline, the sides also discussed the increase in purchases of Azerbaijani oil via the Baku-Tbilisi-Ceyhan pipeline. We will note that until this time, Israel purchased two million tons of oil from Azerbaijan every year, which comprised one sixth of the country’s domestic consumption of this raw hydrocarbon.

The development of cooperation with Israel in agriculture, high technology, medicine, environmental protection, education, and communications fully meets Azerbaijan’s interests. “Israel with its developed economy could promote such a necessary influx of high technology and investments into different branches of the Azerbaijani economy, thus boosting the prosperity of our citizens.”

One of the priority areas in the State Program of Socioeconomic Development of the Regions of the Azerbaijan Republic adopted on the initiative of the president of Azerbaijan is comprehensive development of the agrarian sector. Israel, as a world leader in agriculture, can help Azeri farmers to establish and raise private farms. Measures are already being undertaken in this direction on both sides; for example, in June 2005, a memorandum on cooperation in agriculture was signed between Azerbaijan and Israel.

This agreement immediately resulted in the first Azerbaijani-Israeli agricultural forum held in Baku and Guba on 20-22 February, 2006, the main purpose of which was for the business people of the two countries engaged in agriculture to become acquainted with each other and create conditions for a dialog. Approximately 60 people participated in the Baku forum, and more than 40 companies and businessmen attended the meeting in Guba. These efforts revealed that holding such forums is not enough for ensuring full mutually advantageous cooperation between Israeli and Azeri businessmen.

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18 F. Ismailzade, op. cit.
There is a large gap between Israel and Azerbaijan in terms of agricultural business development. When Israeli businessmen talk about projects, they mean multi-million investments, while our businessmen cannot afford that. Azeri farmers do not have enough money to pay for the expensive equipment offered by Israeli companies. The same problem arose in relations between Israel and Turkish businessmen. One of the important decisions made by the Turkish side for attracting Israeli technology into the country was offering natural resources and cheap labor in exchange for high technology that ensured intensive development of the agricultural industry and production of cheaper products, which enjoyed competition on the world markets. We believe that this solution is also acceptable for Azerbaijan.

Despite all the difficulties, experts highly appraised the results of the business forum. According to them, this undertaking, which took almost three years to reach fruition, will promote the development of relations between the two countries. In addition to such forums, many Azeri specialists in agriculture are participating in international development courses held by the Israeli Foreign Ministry and Ministry of Agriculture. These courses are helping our specialists to improve their knowledge and assimilate the latest methods used in agriculture today.

Cooperation between the two countries is not only restricted to agriculture. Tourism is another sphere that can be profitable for both states. Turkey’s experience is worth noting in this respect: every year a large number of Israeli tourists visit Turkish resort towns. Azerbaijan, as we know, is famous for its beautiful natural and historical sites. In this respect, we think more attention should be focused on developing Azerbaijan’s potential in this sphere, which will make it possible to direct the flow of tourists to this country. Israeli experts in tourism recommend using Azerbaijan as a transit territory for trips to other countries. For example, when Baku-Delhi flights began, the flow of transit tourists from Israel to the Far Eastern countries increased.

As for goods turnover with Israel, today oil products account for the lion’s share of Azerbaijan’s export, while Israel’s export to Azerbaijan consists of telecommunication equipment and agricultural technology.

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<table>
<thead>
<tr>
<th>Years</th>
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<th>2003</th>
<th>2004</th>
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<td>2,913.8</td>
<td>4,102.9</td>
<td>10,756.3</td>
<td>26,179.7</td>
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<tr>
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<td>154,057.4</td>
<td>138,112.8</td>
<td>32,378.2</td>
<td>195,062.7</td>
<td>684,828.9</td>
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Many contracts between Azerbaijani and Israeli businessmen are entered privately, but no official statements are made about this since many Azeri business people have close ties with Iranian businessmen. This is why they try not to publicize their contacts with Israeli business circles. The Jerusalem Post says that Azerbaijan accounts for a large amount of Israeli investments in projects on water use, mobile communication, regional development, and agriculture.\(^{20}\) For example, Israel has invested approximately $10 million in agriculture of Azerbaijan alone.\(^{21}\) Moreover, Israeli companies operate in Azerbaijan’s energy sector, in particular they have created a gas laboratory at the Sangachal terminal and opened a gas analysis enterprise.\(^{22}\) “And in July 2004, Israel made an important decision for the development of trade relations by exempting Azerbaijan from the need to obtain a

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\(^{19}\) The table was compiled on the basis of data of the State Statistics Board of the Azerbaijan Republic (in thou. dollars), available at [www.azstat.gov].


\(^{21}\) See: 525 newspaper, 18 July, 2005.

\(^{22}\) Ibidem.
license for the import of goods into Israel.” The Israeli government is sure that this decision will have a positive effect on the development of trade and economic relations with Azerbaijan.

Israel is interested in developing the non-oil sector of the Azerbaijani economy. Consequently, Israeli companies are striving to establish relations with Azeri companies in tourism, telecommunications, construction, infrastructure, and agriculture.

**Conclusion**

Despite the existing obstacles in the development of Azerbaijani-Israeli political and economic relations, Israel is one of Azerbaijan’s main trade partners: according to the results of 2006, it occupies fourth place after Italy, Russia, and Turkey. This fact proves once more that external factors cannot influence Azerbaijan’s foreign policy. Despite the fact that oil occupies the lion’s share of the goods turnover between Baku and Tel Aviv, the sides are taking serious steps to develop cooperation in the non-oil sphere. In particular, in February 2007, an Agreement on the Protection and Encouragement of Bilateral Investments was signed between Azerbaijan and Israel, and in May 2007, a Memorandum on Cooperation in the Transport Sphere was signed. Relations are also developing between the Azeri and Jewish diasporas, the representatives of which have recently been carrying out joint undertakings in different countries of the world. For example, in 2006, representatives of the Azeri and Jewish diasporas reached an agreement on presenting information about the Khojaly genocide at Holocaust museums throughout the world.

So to sum up, it can be noted that the relations between Israel and Azerbaijan in recent years have stable positive dynamics that encompass essentially all vectors of their bilateral relations.

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AZERBAIJAN-GERMANY: COOPERATION VECTORS

**Abstract**

This article looks at cooperation between Azerbaijan and Germany in the context of European integration and presents a brief overview of how the political, economic relations, and cultural ties between the Azerbaijani Republic and the Federal Republic of Germany have been developing over the past 15 years.
On the threshold of the third millennium, the worldwide globalization, integration, and transnationalization processes related to scientific-technical progress, the breakthrough in communications, and the expansion of political, economic, and cultural cooperation between states and nations assumed greater significance. Integration, which constitutes a special stage in the internationalization of human life, is a natural result of the development of international relations, specifically the creation of political alliances, the augmentation of international trade, and the carrying out of cultural exchange.

Located at the crossroads between Europe and Asia, Azerbaijan is a rather complex geopolitical region with a strategic location and rich natural resources, making it a target of interest for both Western and Eastern states. Since the mid-1990s, after it acquired its independence, Azerbaijan has been gradually drawn into the integration processes, which was primarily manifested in the republic’s participation in international economic, energy, and supply line projects. One of the vectors of Azerbaijan’s foreign policy is its relations with the European states in the context of the republic’s integration into the European community.

The vectors and spectra of cooperation between Azerbaijan and Germany reviewed in this article are of immense importance and are a significant component of Azerbaijan’s integration into the European community. As a result, current Azerbaijan-German relations should be viewed in the light of the integration processes, mutual interests, and cooperation between the EU and Eastern states.

The Importance of Azerbaijani-German Relations in Azerbaijan’s Integration into the European Community

The European Union, which features in all the analytical systems of international relations, is at present one of the most successful integration organizations on the Eurasian continent. Today, uniting 27 states (2007), the European Union is acquiring not only an economic, but also a military-political component. After the enlargement of the EU in 2004 and 2007 when Eastern European and Baltic countries swelled its ranks, the interests of the “architects” of European integration were primarily concentrated on the East—on the countries of Central Asia and the Central Caucasus.

The EU’s main political interest in the East is focused on strengthening stable democratic regimes with a market economy and orienting them toward Western values and models of behavior. The European organizations are using different tools to achieve these goals, such as the TACIS and TEMPUS technical aid programs being implemented in these countries to support the structural and institutional reforms in the market economy, legislation, state structures, and education systems; TRACECA programs for modernizing the transportation infrastructure of the region, as well as political support. By stepping out toward the East, the EU is perceptibly augmenting its resource potential, enlarging its consumer market, and preserving the spatial dynamics of integration.

The European Union is paying great attention to the political and economic processes going on in the Eurasian space, including in the Central Caucasus, and is actively upholding its interests here. The Central Caucasus is an optimal corridor for transporting oil and gas from the energy-rich regions of the Caspian Sea and Central Asia. What is more, the Central Caucasus has the real chance of becoming a trade center between Europe and Asia. At present, the European Union is focusing its atten-
tion on several key regional issues, one of which is its becoming more involved in resolving the Central Caucasus’ problems. The resources of the Caspian Sea could become one of the main elements in diversifying energy supply to the EU countries. The development of major pipelines and transportation infrastructure and integration of the European Union’s energy systems will have a positive effect on the general development of the Eurasian supply line systems.¹

One of the priority areas in cooperation between the European Union and the Central Caucasian states is relations with the Azerbaijan Republic. Its advantageous geopolitical position, Caspian energy resources, and rapid rates of economic development are all fundamental components for enhancing cooperation and relations between the European Union and Azerbaijan.

Azerbaijan has an advantageous geostrategic position, which is awakening the political interest of various countries of the world in the republic. Azerbaijan’s economy has high indices and occupies a leading position in terms of economic growth rates among the developing countries of the world, the republics of the region, and the CIS. Whereas in 2005, the GDP in Azerbaijan amounted to 12,522,500 manats, in 2006, it was 17,735,800 manats. In 2006, personal per capita income amounted to 1,189,500 manats, and per capita GDP to 2,120,300 manats.² In 2006, the country’s GDP rose by 34.5% (one of the highest indices in the world), compared with the previous year.³ The growth in Azerbaijan’s economy was primarily related to the increase in oil production and development of the energy sector. Azerbaijan’s integration into the world economy is playing an important role in this development. Azerbaijan’s stickiest problem is objective settlement of the Armenian-Azerbaijani Nagorno-Karabakh conflict, as a result of which more than 20% of the republic’s territory is occupied by Armenian armed formations, more than one million Azeri refugees have been forcefully deported and exiled from their historical homeland, cities, villages, historical and cultural monuments, natural resources and preserves have been destroyed, and moral and material damage has been inflicted on the Azeri people. This problem forms the cornerstone of Azerbaijan’s political position on the international arena.

Today, when Azerbaijan is taking steps to reinforce its position on the world arena and is participating in various international projects, one of the priorities of the republic’s foreign policy is developing relations with Euro-Atlantic and European international structures, in particular with the European Union, NATO, the Council of Europe, and the OSCE. Azerbaijan has joined and is participating in NATO’s programs and the discussions at the Parliamentary Assembly of the Council of Europe. The steady course being steered toward integration into the European structures is regarded as an important step toward developing and strengthening the republic’s position in the world community.

At present, one of the most important vectors in Azerbaijan’s foreign policy is active cooperation with the European Union. Today, relations in the EU-Azerbaijan format have become more dynamic and qualitative. The EU, which is trying to diversify the deliveries of energy resources to Europe, is not only interested in Azerbaijan as a producer and supplier, but also as a transit state. This interest is in turn spreading to the entire region. Cooperation is mainly being manifested in the implementation of projects and agreements in the energy sphere. However, continental transport and communication projects are becoming equally important and pivotal. One of the basic elements of integration is bringing the products manufactured in Azerbaijan into compliance with European standards. Azerbaijan’s relations with the European Union are developing within the framework of such international programs as TACIS, TRACECA, and others.⁴

⁴ See: A. Gasanov, Azerbaijan’s Current International Relations and Foreign Policy, Baku, 2005, pp. 494-497 (in Azeri).
Talks between the European Union and Azerbaijan are being held on a permanent basis. Several key questions feature on the talks agenda: future cooperation prospects within the European Neighborhood Policy, including carrying out the Action Plan adopted between Azerbaijan and the EU; human rights and democratization; and cooperation in energy and transport. With respect to regional peace, security, and stability, the Azerbaijani side has repeatedly noted the need for rapid settlement of the Armenian-Azerbaijani Nagorno-Karabakh conflict based on the principles of international law, including the territorial integrity, state sovereignty, and immunity recognized at the international level of borders.5

The development of cooperation with the EU’s European member states is the most important step toward Azerbaijan’s integration into the European community. The interrelations that have developed between the Azerbaijan Republic and the Federative Republic of Germany are one of the most important aspects in the European vector of foreign policy. Germany is a country located in the very center of Europe and integrated into the world economy. It occupies one of the leading places in the world in terms of economic power and trade turnover. German foreign policy has been pursuing the goal of sustainable global development. Today, the FRG is one of the leading countries in the European Union, Council of Europe, the G-8, NATO, the U.N., and many other international organizations. The main vectors in Germany’s foreign policy are promoting the development of the European Union, strengthening cooperation within the OSCE, enhancing the North Atlantic Alliance, increasing the role of international organizations, and expanding partnership relations in the West-East and North-South vectors.6

The political relations between the Azerbaijan Republic and the Federative Republic of Germany, which began in the 1990s, have been consistently ascending in several main political vectors: stronger bilateral political relations; the role of the Azerbaijan-Germany political dialog in the integration of this Central Caucasian republic into the European community, particularly into the European Union; and Germany’s support of Azerbaijan in the settlement of the Karabakh conflict at the international and regional level.

In February 1992, diplomatic relations were established between Azerbaijan and Germany, and the same year they opened their embassies in each other’s country. The Azerbaijani embassy in Germany was one of the republic’s first diplomatic representative offices abroad.7 Germany was one of the first European states to support Azerbaijan in the difficult years of the Karabakh war and recognize its territorial integrity.

Since the beginning of the 1990s, bilateral Azerbaijani-German relations have been dynamically developing in the context of Azerbaijani-European relations, which became an important priority of the republic’s foreign policy. During 1993-1996, relations between Azerbaijan and Germany became noticeably more active. For example, during this period several important visits and meetings took place that gave bilateral contacts between the Azeri and German sides a positive boost. In December 1995, the following documents were signed: a Joint Statement between Azerbaijan and Germany on the Fundamental Principles of Their Interrelations, an Agreement between the Governments of Azerbaijan and the FRG on Cultural Cooperation, an Agreement between the Governments of Azerbaijan and the FRG on the Care of Military Gravesites, a Treaty between the Azerbaijan Republic and the Federative Republic of Germany on the Encouragement and Mutual Protection of Investments, and a Memorandum between the Governments of Azerbaijan and the FRG on Financial Cooperation. These documents, which regulate the interrelations between the

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two countries in economic, cultural, and humanitarian spheres, formed the foundation of bilateral cooperation.8

Germany plays a significant role in the integration course Azerbaijan is steering toward the European community and cooperation with the European Union. In particular, the German leadership has repeatedly declared its support of the initiatives in the integration process, energy strategy, and republic’s participation in transcontinental energy and transport projects. As an architect of the European Union that holds a leading position in implementing European policy and strategy, the FRG supported Azerbaijan’s inclusion and participation in the EU’s European Neighborhood Policy. And the German side openly espoused this position at the talks between Ilham Aliev and Angela Merkel.

We will note that in 2007 Germany took the chair in the European Union and G-8. Energy security was a priority issue during Germany’s chairmanship in the EU. The following tasks were formulated in the chair’s program: “final formation of the internal electricity and gas market, greater efficiency, increased use of renewable energy resources, consolidation of cooperation with manufacturing countries and transit states, and formulation of energy policy oriented toward development.”9 The development prospects in transcontinental trade promise direct benefit for the EU. There are plans to build a hub of the energy corridor linking the East and West when creating more direct routes for delivering Caspian and Central Asian energy resources to Europe. The first steps toward this were taken with the launching of the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline from Azerbaijan to Turkey, where they meet up with the European pipeline network.10 Germany is expressing an interest in the economic resources of the Caspian Region, particularly of Azerbaijan. Within the framework of European Union, Germany is rendering financial support to Azerbaijan and participating in joint international projects. Germany accounts for thirty percent of the 330 million euros allotted by the European Commission to Azerbaijan in the last decade.11

As chairman of the EU, Germany supported reinforcement of the European Neighborhood Policy. As German Chancellor Angela Merkel noted, Brussels will not be able to accept any new members into the EU in the near future. The EU has currently exhausted its enlargement potential after its most recent infusion. So the European Union is currently concentrating on building good-neighborly relations. Germany focused particular attention during its EU chairmanship on relations with the countries of the Black Sea Region, Central Asia, and the Central Caucasus. Specific steps were taken to assist democracy and modernization in the EU’s neighboring countries.12 Germany also initiated extending the EU’s policy toward the Black Sea and Caucasian regions as a regional element of the European Neighborhood Policy. These regions are not simply a strategically important transit corridor, particularly for energy, they also have untapped economic potential. By strengthening regional cooperation, the EU is also hoping to make a positive contribution to settling the frozen conflicts in the Central Caucasus.13

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11 See: Azerbaijan, No. 69, 4 April, 2007 (in Azeri).
So today Germany is a European state with reliable political power and a developed economy that has immense clout in the European community and in European policy. What is more, Germany is the main European donor for the Central Asian and Central Caucasian countries. As a result, cooperation between Azerbaijan and Germany is extremely conducive to Azerbaijan’s integration into the European community. Germany supports Azerbaijan’s territorial integrity and peaceful settlement of the Nagorno-Karabakh conflict, which is repeatedly noted in official Berlin’s statements. A graphic example of this support was the humanitarian aid rendered to the Azeri refugees in the difficult war years. Germany understands that the participation of Azerbaijan and the other Central Caucasian republics in international projects, European integration, internal democratization, and the formation of a healthy social atmosphere directly depends on the settlement of the frozen conflicts and the establishment of stability in the Caucasian Region.

Azerbaijan–Germany: Economic Relations

Cooperation in the economic sphere is one of the most important vectors in Azerbaijani-German relations. Beginning in the 1990s, after diplomatic and political relations were established between Azerbaijan and Germany, economic cooperation became one of the highest priority vectors in bilateral relations. One of the first and important steps in this direction was the visit to Baku in May 1995 of a delegation headed by Federal Minister of Economic Cooperation and Development Carl Spranger. The minister said that the German government would allot 5 million DM to Azeri refugees, 1.8 million DM to support the democratic reforms in the republic, and 13 million DM to finance joint Azeri-German economic projects. The opening of the international takeoff runway at Baku’s Bina airport in May 1995 confirmed the efficacy of implementing joint projects in economic cooperation. In particular, Germany’s Wirtgen and Siemens companies participated in providing the Baku airport with state-of-the-art equipment.

The Treaty between the Azerbaijan Republic and the Federative Republic of Germany on the Encouragement and Mutual Protection of Investments and the Memorandum between the Governments of Azerbaijan and the FRG on Financial Cooperation signed in 1995, and the Agreement on Financial Cooperation in Urgent Assistance to the Baku Airport Project signed in 1996 laid the foundation for economic Azerbaijani-German cooperation at the state level. Heydar Aliyev’s visit to Germany in 1996, which indicated Azerbaijan’s willingness to cooperate in various branches of the economy, opened up broad and long-term prospects for the activity of German businessmen in the republic and for the infusion of German investments.

During the second half of 1990s, the number of Azerbaijani-German joint economic projects and German investments into the republic noticeably increased. In particular, Germany broadened its participation in developing the republic’s oil fields. The Deminex Company began cooperating with Azerbaijan in sea shelf development and oil production. Under a contract entered in 1997, Germany’s Deminex Company (now Wintershall) obtained the right to participate in developing the promising Lenkoran-Deniz and Talysh-Deniz oil fields.

By the beginning of 1998, the total amount of funds Germany allotted to Azerbaijan amounted to 121,800,000 DM, including 93 million DM in soft loans and 28.8 million DM in gratuitous aid. The allotted funds were spent on improving the aviation security system at the Baku airport and Baku’s energy supply system, restoring and reconstructing the water supply system in several cities of the republic, implementing a program of assistance to the republic’s small and medium businesses, carry-

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ing out agrarian reform, raising the qualifications of public health employees, and so on. In the summer of 1998, Germany announced it was issuing Azerbaijan a loan of 40 million DM to reform its economy. Another 7 million DM were allotted as scientific-technical aid. The loans were intended for privatizing agricultural enterprises, developing small and medium production units, and developing the necessary legal base for working in market conditions.\(^{16}\)

Germany is one of the countries actively participating in rendering humanitarian and technical aid to Azerbaijan. In particular, during the difficult years of combat action and Armenia’s occupation of Azerbaijani territory, the German government built residential settlements for refugees by way of humanitarian aid in Barda, Imishli, and Naftalan, and made regular deliveries of food and medication. Under the agreements reached, Germany issued Azerbaijan loans to continue building an international airport, restore power transmission, and develop small and medium businesses. In particular, in 1995, the German government issued a soft loan of 10 million DM to Azerbaijan for 40 years to create a state-of-the-art security system at the Baku international airport, and 11.4 million DM in gratuitous aid for training the relevant staff. The FRG also allotted Azerbaijan 20 million DM within the framework of the European Union, including the TACIS program, as humanitarian aid for implementing specific projects and carrying out technical reconstruction.\(^{17}\)

In subsequent years, economic relations between Azerbaijan and Germany became even more dynamic. Intergovernmental discussions have been held for the past few years at the official level on various questions of economic cooperation, as well as joint economic forums. On 23 December, 2003, the Agreement on Financial Cooperation between the Government of the Azerbaijan Republic and the Government of the Federative Republic of Germany was ratified on ensuring the participation of the German Organization of Investments and Development (DEG) in the authorized capital of the Azerbaijani Bank of Micro Financing signed in Baku on 5 November, 2003.\(^{18}\)

Adoption of the Law of the Azerbaijan Republic of 1 March, 2005 on Approval of the Agreement on Cancellation of Double Taxation with Respect to Profit and Property Tax between the Azerbaijan Republic and the Federative Republic of Germany was also of great importance in enhancing trade relations between Azerbaijan and Germany. This law greatly facilitated trade relations, property shipment, and the business activity developing between the countries.\(^{19}\)

On 16 February, 2007, an Azerbaijani-German business forum was held at the German House of Economics in Berlin attended by more than 30 Azeri and approximately 200 German businessmen. New bilateral agreements were signed at the forum on cooperation in the non-oil sector.\(^{20}\)

The annual increase in the volume of German investments into the Azerbaijani economy and the increase in goods turnover and export-import operations are important indices of bilateral economic relations. Between 1993 and the end of 2006, the German government sent 165 million dollars to Azerbaijan in investments, 30.7% of which were invested in the oil and gas sector and 69.3% in the non-oil sector. During the years of independence (until 2004), the German government sent a total of 300,500,000 euros to Azerbaijan, 160,500,000 euros of which were allotted as financial and technical aid, and 140 million euros via the European Union.\(^{21}\)


\(^{21}\) See: Azerbaijan, No. 34, 16 February, 2007; No. 69, 4 April, 2007 (in Azeri); Businessman, Informational-analytical journal, December 2004, pp. 16-18.
Export-import operations and the volume of goods turnover between Azerbaijan and Germany are increasing with each passing year. For example, in 2005, goods turnover between Azerbaijan and Germany amounted to 291,127,100 dollars, import to 256,325,500 dollars, and export to 34,801,600 million dollars.\textsuperscript{22} Goods turnover between Azerbaijan and Germany for 2006 amounted to 412,700,000 dollars, import to 403,700,000 dollars, and export to 9 million dollars, while trade turnover for January-March 2007 amounted to 199,700,000 dollars.\textsuperscript{23} If expressed in percentages, in 2004 export-import operations between Azerbaijan and Germany amounted to 3.3%, in 2005 to 3.4%, and in 2006 to 3.5%\textsuperscript{24}.  

\begin{table}[h]
\centering
\caption{Foreign Trade Relations between Azerbaijan and Germany\textsuperscript{25}}
\begin{tabular}{|c|c|c|}
\hline
Years & Import & Export \\
\hline
1998 & 46,706 & 5,572 \\
1999 & 46,254.1 & 7,623.2 \\
2000 & 67,552.3 & 8,293.0 \\
2001 & 72,840.3 & 12,864.2 \\
2002 & 83,453.9 & 28,773.3 \\
2004 & 198,477.8 & 37,596.5 \\
2005 & 256,325.5 & 34,801.6 \\
2006 & 403,699.7 & 9,004.7 \\
\hline
\end{tabular}
\end{table}

The conclusion can be drawn from an analysis of the data presented in the tables that in recent years the volume of goods turnover has increased between Azerbaijan and Germany, the volume of German goods imported into the republic has grown, and the export indices are also gradually increasing. Petroleum products, raw cotton, canned goods, hazelnuts, etc. are the main commodities exported from Azerbaijan to Germany, while Azerbaijan imports transportation means and spare parts, heavy industry production, medical equipment, etc. from Germany. Between 2005 and 2006, the volume of German investments in different segments of the Azerbaija-


ni economy increased. Most of the joint Azerbaijani-German projects are related to the oil and gas sphere, electric power (including alternative energy sources), transport, and construction. There are also stronger business ties in the banking sector, information technology, agriculture, machine-building, the chemical and light industries, and trade. Keeping in mind the Azerbaijani-Germany business forums, meetings at the official level and in business circles, as well as the results achieved, it can be ascertained that the development of interstate economic relations, the increase in goods turnover indices, investments, and the increase in joint economic projects in recent years bode well for the future.

Today there are many large German companies operating in Azerbaijan in various spheres and segments of the economy. In 2004, approximately 100 enterprises functioned in Azerbaijan with the participation of German capital. The activity of these enterprises encompasses such spheres as oil production, infrastructure and power plant construction, transport, supply lines, services, trade, the manufacture of construction material and food products, and other sectors. Particular mention can be made of German companies such as Lufthansa, Siemens, which is engaged in programs for restoring electric conduits in Azerbaijan, building sub-stations for supplying electricity to the Sangachal oil terminal, delivering medical equipment for the republic’s medical centers, technical work on the lighting system at the Baku Heydar Aliyev international airport, communication services, and so on, the Wintershall Company, which is engaged in oil production at fields close to Lenkoran, the German

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>1995</td>
<td>1.2</td>
</tr>
<tr>
<td>1996</td>
<td>4.2</td>
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<tr>
<td>1997</td>
<td>16</td>
</tr>
<tr>
<td>1998</td>
<td>2.1</td>
</tr>
<tr>
<td>1999</td>
<td>6.2</td>
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<tr>
<td>2000</td>
<td>1.7</td>
</tr>
<tr>
<td>2001</td>
<td>1.2</td>
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<tr>
<td>2002</td>
<td>1.7</td>
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<tr>
<td>2003</td>
<td>0.5</td>
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<tr>
<td>2004</td>
<td>2.1</td>
</tr>
<tr>
<td>2005</td>
<td>21.5</td>
</tr>
<tr>
<td>2006</td>
<td>17.4</td>
</tr>
</tbody>
</table>


Technical Support Society (GTZ), which assists Azerbaijan in developing small and medium businesses, the German Bank of Reconstruction KfW, and others.28

The German-Azerbaijan Business Association (DAWF), which has been operating in Baku since 1998, is one of the most important organizations taking direct and active part in expanding Azerbaijani-German economic relations. DAWF’s activity unites approximately 70 German and Azerbaijani enterprises. The Association forms a link in the development of economic ties between Azerbaijani and German economic and business circles. DAWF’s goal is to assist German-Azerbaijani economic cooperation and invest German capital in Azerbaijan. In order to achieve this goal, the Association carries out the following work: assisting the establishment of business contacts between German and Azerbaijani enterprises, organizing trips of delegations to Germany and Azerbaijan, providing consultation services, organizing general and thematic meetings of members and guests, helping to establish contacts between the Association’s members and friends, and so on.29

Based on the above, it can be concluded that Azerbaijani-German economic relations are being built on mutually advantageous cooperation and have been consistently on the up and up since the 1990s. The development of Azerbaijani-German economic relations is having a positive influence on Azerbaijan’s economic integration into the European community, its access to the European markets, its ability to attract European investors to the republic’s economy. German officials have repeatedly underscored their interest in Azerbaijan’s economic, particularly energy resources and their delivery to Europe. As an active participant in European policy, Germany is supporting Azerbaijan’s participation in international economic, energy, and supply line projects. On the other hand, within the framework of the European Union, Germany accounts for large part of the funds allotted by the EU to Azerbaijan.

Germany is one of the leading European countries in granting soft loans for implementing specific economic projects and gratuitous assistance, including humanitarian, as well as investments in the non-oil sector. In recent years, there has been an annual increase in the goods turnover indices and German investments into the republic. As of today, Azerbaijani-German economic relations are developing in different spheres—oil, chemical, energy, machine-building, construction, food, services, banking, etc.

Cultural relations between the Azerbaijani and German people, which have historical roots, are actively developing at the current stage and are supported both at the state level, which is demonstrated by the holding of culture days, scientific conferences, student and researcher exchanges, and at the level of public and private initiatives—concerts, exhibitions, film festivals, and so on.

The development of bilateral Azerbaijani-German relations has had a direct influence on strengthening cultural relations and cultural exchange. In 1995, an Agreement between the Govern-

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ments of Azerbaijan and the FRG on Cultural Cooperation was signed in Baku, which officially confirmed and helped to establish a cultural dialog between Azerbaijan and Germany. In recent years, the number of meetings, cultural programs, and scientific undertakings supported at the official level of both countries has increased.

A vibrant example of cooperation in this sphere at the government level was the Azerbaijani Culture Days held in the FRG. In honor of Azerbaijan’s 15th anniversary of independence, in October 2006 Ten Days of Azerbaijani Culture were held in the German cities of Berlin, Mainz, Stuttgart, and Frankfurt-on-Main. During the festival, Azerbaijani books were exhibited for the first time at the world-renowned Frankfurt Book Fair and cultural events were held—an exhibition of young Azerbaijani artists at the Berlin Art Gallery and concerts of Azerbaijani performers at the Berlin Philharmonic, in Stuttgart, and in Mainz.30

In compliance with the agreement reached between the governments of Germany and Azerbaijan, 2008 was declared the Year of Azerbaijan in Germany. As the Azerbaijani minister of culture and tourism noted, during 2008 there are plans to hold various cultural events and organize tours and exhibitions of Azerbaijani artists and performers in Germany in order to enhance the awareness of Azerbaijan’s rich culture and historical heritage abroad.31

Cultural contacts are maintained between individual Azerbaijani and German twin cities, for example, Baku-Mainz and Sumgayit-Ludwigshaven.

Relations between Azerbaijan and Germany are also maintained in education and the exchange of scientific achievements and researchers. Azeri students and young researchers are very interested in studying and taking practical research courses at Germany’s prestigious higher education institutions and scientific-research centers. Cooperation in education is being pursued through the German embassy, the DAAD organization (German academic exchange service), and the Goethe Institute.32 There is an interest in Azerbaijan in learning the German language, which is taught as a foreign language in secondary schools, higher education institutions, and other educational centers; there is a German department at the Azerbaijani University of Languages that trains specialists in German studies. A German Information Center-Library, which receives technical support and literature from Germany, was opened on the basis of this department with the support of the Goethe Institute.33

Many German researchers are showing a great interest in studying the history, rich cultural heritage, natural resources, and economic potential of Azerbaijan, cooperating with the scientific research institutes of the Azerbaijani National Academy of Sciences, and participating in the international scientific conferences being held in the republic. In particular, conferences on the history of Azerbaijan’s German heritage, at which Azeri and German scientists presented speeches and engaged in mutual scientific research, were held with the support of the Academy of Sciences.34

Azeris are showing an interest in German culture and attending the concerts of German classical music and exhibitions of German artists held periodically in Baku. Kapellhaus is one of the centers of

30 See: Halg newspaper, No. 234, 14 October, 2006 (in Azeri); Republic newspaper, No. 226, 6 October, 2006 (in Azeri); Azerbaijanskie izvestia, No. 28, 15 February, 2007.
German culture in Azerbaijan. In 1997, the Kapellhaus German-Azerbaijani Culture Society was organized with the support of the embassy of the Federative Republic of Germany in Azerbaijan. After reconstruction of its building in 2000, Kapellhaus has held many cultural events, German language courses, art exhibitions, concerts, film shows, and scientific conferences. The members of the Vozrozhdenie National Cultural Society of Germans of Azerbaijan also gather and hold cultural events there.\textsuperscript{35}

One of the symbols of German cultural heritage are the German kirks—churches built by the Germans in Baku, Hanlar, and Shamkir in the 19th-beginning of the 20th centuries and preserved as architectural and cultural monuments to this day. Today the German kirk in Baku is an organ hall for the philharmonic where concert programs are held. Projects are currently being considered for reconstructing and restoring these German cultural monuments, as well as German colonial homes preserved in Hanlar and Shamkir. Keeping in mind the picturesque countryside at these sites, the German side is confident that successful implementation of this project will help to develop tourism in the region.\textsuperscript{36}

Germans take a lively interest in Azerbaijani music, particularly mugham. This is shown by the concerts of world-renowned Azerbaijani composer Franghiz Alizadeh that are periodically held in large German cities and throughout Europe, whose creative work expresses both the Eastern philosophy of mugham and the European classical symphonic music genre.\textsuperscript{37}

The Azeri diaspora in the FRG is playing an important role in presenting Azerbaijani culture in Germany and expanding Azerbaijani-German cultural contacts. According to the Azerbaijani embassy in the FRG, there are 120,000-140,000 Azeris living in Germany, among whom are representatives of science, art, and specialists in various fields. At present, there are more than 10 Azerbaijani societies in Germany. In 1996, a union of Azerbaijani communities was created. In 2004, a congress of Azeris living in Europe was founded. Azerbaijani societies function in almost every large German city.\textsuperscript{38} The Azeri diaspora engages in social work aimed at popularizing the history, current situation, and reality of the Nagorno-Karabakh conflict and the cultural heritage of the Azeri people in Germany.

As a result, Azerbaijani-German cultural relations supported at the state level are annually expanding. On the one hand, stronger cultural ties are promoting a mutual bilateral cultural exchange and mutual enrichment by acquainting Germans with the history, present day, and cultural heritage of Azerbaijan, while on the other, they are assisting the republic’s integration into the European community by acquainting Azeris with European cultural values. As a result, all the events, meetings, and research being carried out in different areas of culture are bringing the Azeri and German people even closer together and helping to broaden the cultural dialog between Azerbaijan and Germany, as well as the dialog between the cultures of the West and East.

\textbf{Conclusion}

Thus, today the vectors of cooperation between Azerbaijan and Germany are expanding. The accent is placed on cooperation within the EU, as well as bilateral political and economic relations,
and cultural ties. Germany regards Azerbaijan as a state with an important geostrategic position in the Caucasus, rich natural resources, and good prospects in global integration. This is confirmed by the republic’s active participation in international energy and transport projects, which are an important aspect of ensuring the energy security of the European Union countries. In turn, Azerbaijan regards Germany as a strategic partner and leading EU member state, which supports the republic’s position in many problems of international policy, including with respect to fair settlement of the Armenian-Azerbaijani Nagorno-Karabakh conflict, and is assisting Azerbaijan’s integration into the European community.
The present stage in Russia’s development has a qualitatively new character and is distinguished primarily by the increasing integration of its economy into the world economic system. New Russian companies declare their intention to go global and take real steps in this direction, acquiring new assets abroad.

In terms of political and economic interests, the post-Soviet space is a special region for Russia: first, the CIS countries are its nearest neighbors, with which Russia in the recent historical past had close ties within the framework of the single national economic complex of the U.S.S.R.; second, most of these countries are in the midst of economic reforms similar to those underway in Russia;
third, this is a region where Russia is trying to implement its integration initiatives at the interstate level.

“Russian capital investment in the CIS countries for a long time mostly consisted of direct investment, which served to increase investment stock. In 2004, the situation changed: direct and portfolio investment accounted for less than a fifth of total Russian investment in the CIS. As regards investments from CIS countries in Russia, these consist in large part of so-called “other investments,” mostly trade and other credits.

“That is why in 2003, when investment flows from CIS countries to Russia totaled $890 million, the increase in investment stock was $120 million; in 2004, the figures were $1,097 million and $129.9 million, respectively; and in 2005, $1,665 million and $174.4 million” (see Table 1).

Table 1

<table>
<thead>
<tr>
<th>Mutual Investment Stock of Russia and Individual CIS Countries</th>
<th>(as of 1 January of the respective year, million dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment from Russia in CIS countries</td>
<td>Investment from CIS countries in Russia</td>
</tr>
<tr>
<td>Armenia</td>
<td>0.0</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.2</td>
</tr>
<tr>
<td>Belarus</td>
<td>490.2</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.4</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>2.2</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>0.0</td>
</tr>
<tr>
<td>Moldova</td>
<td>52.0</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>0.0</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>0.0</td>
</tr>
<tr>
<td>Ukraine</td>
<td>10.2</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>555.6</td>
</tr>
</tbody>
</table>

Note: Excluding monetary authorities, commercial and savings banks.

The state of CIS banking systems varies from country to country, reflecting regional and national differences. The different results of processes at work in the banking systems of CIS countries are explained by differences in the macroeconomic and political situation, and also by the policy pursued by each particular state with respect to national banks.

“The CIS countries also differ in terms of the concentration of banking capital, which varies from relatively moderate in Ukraine (where the share of the top five banks in the total assets of the banking system is 45%, while the share of each of them does not exceed 15%) to extremely high in Uzbekistan and Azerbaijan (where the share of one major bank in banking system assets is 70%). In Turkmenistan, two largest banks—State Bank for Foreign Economic Activity and Daikhanbank—hold about 80% of total banking system assets. In Moldova, the share of the largest banks is about 70% of banking system assets.”

The interpenetration of banking institutions from some CIS countries into the markets of others is still insufficient, but the process is already underway. Whereas until recently this interpenetration was limited, today it has accelerated under the impact of growing demand for credit resources on the part of corporate clients and due to an improvement in the macroeconomic environment and rising levels of intraregional cooperation. Standard & Poor’s international rating agency notes that mutual market entry by CIS banks is promoted by the revival of old and the formation of new industrial alliances and trading arrangements. In view of a good knowledge of regional peculiarities, national banks are prepared to follow their large corporate clients to other countries. Kazakh and Russian (to a lesser extent, Ukrainian) credit institutions are most prepared to expand their foreign operations in the CIS.

Thus, about 40% of Kyrgyzstan’s banking system is controlled by Kazakh banks. Kazakhstan’s major financial institutions—Kazkommertsbank, TuranAlem, Halyk Bank, ATF Bank and Temirbank—are active in the Russian market. TuranAlem also intends to invest $100 million in the construction of a hotel in the Georgian capital Tbilisi.

**Russian Bank Expansion in CIS Countries**

Changes in the Russian banking system influence the state of banks in the Commonwealth countries, including the concentration and centralization of banking capital, the switch to International Financial Reporting Standards (IFRS), development of the bank refinancing system, and improvements in the legislative framework and prudential supervision.

CIS banking systems cannot ignore the major achievements of Russian banks. By now, most CIS countries have achieved significant progress compared to the early 1990s, when they first took the path of transition to a market economy. But in order to compete successfully in the world market and improve the investment climate, they must continue their reforms, including reforms in the banking sector. Enhancing the efficiency of the intermediary function of banks in the redistribution of loan funds and achieving their stability—such are the key problems they will have to resolve. The CIS is a major region which is five times larger than the European Union in terms of area, but with a population that is only half the size of the EU population. For reasons of undeveloped intermediation and growing demand for banking services, there is great potential for the development of banking systems. In the opinion of Standard & Poor’s, the ability and readiness of government authorities to maintain and accelerate reforms in the economy and in the legislative and regulatory framework are the main factor determining the long-term prospects for progress and prosperity of both the region and its banks.

At the end of 2006, the share of Russian banks in the CIS countries’ total banking assets was 77%; the banks of Ukraine had 10%, Kazakhstan 8%, Belarus 2%, Uzbekistan 1%, Azerbaijan

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0.60%, Moldova 0.35%, Georgia 0.34%, Armenia 0.24%, and Kyrgyzstan 0.13%.

But whereas in absolute terms the assets of Russian banks are many times larger than those of other countries (EUR 414 billion in Russia, EUR 58.9 billion in Ukraine, EUR 58.7 billion in Kazakhstan), the relative figures are not in their favor. The ratio of banking assets to GDP is 95% in Kazakhstan, 76% in Ukraine, and only 54% in Russia. There is a similar picture with bank capitalization. In absolute terms, Russia is the undisputed leader: the equity capital of Russian banks is EUR 50 billion, whereas that of Ukrainian banks is EUR 7.1 billion, and Kazakh banks, EUR 6.3 billion. At the same time, the capital-to-GDP ratio is 6% in Russia, 10% in Kazakhstan, and 9% in Ukraine. Kazakhstan is somewhat ahead of Russia in terms of loans to enterprises: the loans-to-GDP ratio in Kazakhstan is 27%, and in Russia, 26%.

"The total assets of CIS banking systems are around $240 billion, which amounts, for example, to half of the assets of Dresdner Bank or Barclays Bank and a third of the assets of ABN AMRO. The dimensions of the banking systems and national economies in the Commonwealth differ widely. Russia dominates with 70% of CIS territory and half of the population. In the past two years, capital adequacy levels have risen steadily: 97% of credit institutions are profitable; return on assets is maintained at the level of 2.5%, and return on equity capital, at the level of 18-19%, which is characteristic of developed banking systems."4

In terms of development level of the banking system, Russia is clearly ahead of the other Commonwealth countries, which is why Russian banks have gained experience which credit institutions in the other CIS countries have yet to acquire. In the recent period, exports of banking services by Russian banks have been based on such competitive advantages as a high level of technological development, a wide range of banking products offered in the domestic market and, of course, significant financial resources.

Serious changes are underway in the banking segment of the market. Whereas at the first stage the expansion of Russian banks was primarily driven by the need to service the foreign trade and investment operations of their national clients, today credit institutions increasingly seek to make profit from painstaking work in the domestic financial markets of CIS countries, including the retail market.

The activities of Russian banks in the CIS countries are largely associated with the demand for banking services among their major corporate clients (Russian companies), counterparties and participants in foreign trade activities.

Subsidiary credit institutions of Vneshtorgbank (VTB), Alfa Bank, National Reserve Bank (NRB), Gazprombank, Bank of Moscow, Petrokommerts, UralSib, Rosbank, Nomos Bank and some other banks operate in the region (this explains the presence of commercial bank Petrokommerts in Ukraine and Moldova, UralSib Financial Corporation in Azerbaijan, and Gazprombank in Belarus).

It should be noted that state-owned Vneshtorgbank (the second largest bank in Russia with assets of around $14 billion, which is comparable to the total assets of Kazakh banks) is in a privileged position and has at its disposal a number of additional resources drawn from the Russian and international markets; it has access to advanced financial market technologies and broad experience in providing various services, enjoys political support at the state level and is simultaneously a commercial entity capable of pursuing an independent, aggressive and flexible banking policy. The expansion of the network of Russian banking institutions with state participation in the CIS countries makes it possible to promote the economic and political interests of the state and business.

The online version of the National Banking Journal of 24 October, 2006, noted in its News section: “In accordance with its development strategy, by the end of 2007 Russia’s VTB intends to acquire banks in Kazakhstan, Azerbaijan and Belarus,”5 i.e. to open the banks in the CIS where there

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4 Bankovskoie delo v Moskve, No. 11, 2005, p. 17.
5 [http://www.nbj.ru/archive/number/article/?article=11854].
are no VTB offices. The heads of VTB intend to spend $1.5 billion on the acquisition and development of banks in CIS countries. These plans can be regarded as the starting point of the Russian banking sector’s expansion policy. VTB has prestige and resources. It is interesting to note that this bank, initially created to promote export and import operations, is now in the vanguard of Russian aspirations to foreign retail markets of banking services (as demonstrated by its acquisition of Armsberbank (Armenian Savings Bank), the United Georgian Bank and Ukraine’s Mriya Bank, and also by its intention to acquire Slavneftebank in Belarus).

Vneshtorgbank’s strategy for entering the financial markets of CIS countries is as follows:

- creation of a client base from among local companies;
- outreach to local trading partners of Vneshtorgbank’s Russian clients;
- outreach to local enterprises through long-term loans, including the issuance and sale of debt instruments;
- creation of a stable client base from among industrial enterprises by organizing large projects and investment programs;
- Vneshtorgbank’s orientation towards big business, aggressive pricing policy and significant resources should gear its subsidiary banking institutions to a repartition of the local market in their favor.

In general, curiously enough, the market of the Central Caucasus with all its political and mental peculiarities has been tapped by Russian banks to a greater extent than the market of any other region in the post-Soviet space. VTB is particularly active in expanding its presence in this market: in March 2004, it acquired 70% of the shares of Armenia’s Armsberbank (the successor to the Armenian division of Soviet Sherbank with the largest branch network in the republic consisting of more than 100 branches). Armenia has 20 commercial banks; the share of foreign capital is almost 50%, and that of Russian capital, about 15%. Among the factors behind Armenia’s investment attractiveness to Russian banks are low competition in the banking services market and liberal legislation.

Vneshtorgbank is also present in the Georgian market: in 2005, it made a deal to acquire the United Georgian Bank.

The only large Russian bank with its own subsidiary in Azerbaijan is UralSib: its NIKoil Bank is among the top ten banks in the republic in terms of assets. VTB is considering several purchase options at an estimated cost of $15-20 million.

As the newspaper Vedomosti reports, VTB has negotiated the purchase of Azerbaijan’s AF Bank. According to the journal Banki i biznes, on 1 April, 2007, this bank ranked 36th among Azerbaijani banks in terms of assets (13 million manats or $15 million) and 27th in terms of capital (8.9 million manats or about $10 million). The bank has one branch and one office; it funds the construction of real estate and “plans to implement three huge projects to develop the tourism sector in Azerbaijan.” As regards its shareholders, there is no information on the bank’s website. 7

In 2005, in order to gain entry to the Ukrainian retail market, VTB acquired Mriya Bank, ranked among Ukraine’s top thirty banks. Initially, it considered a project involving a larger bank, Ukrsotsbank, but the purchase of a small bank in possession of all the necessary licenses was much less costly for VTB. According to experts, the transaction amount was $80-100 million, which constitutes two or three book values (BV) of Mriya Bank. The market price of banks at that time was around 4 BV. 8

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That same year, VTB set up a subsidiary bank in Ukraine called CJSC VTB-Ukraine. VTB is also considering the possibility of investment in Moldova, Kazakhstan, Turkmenistan, Uzbekistan and Tajikistan.

The conservative Sberbank has also launched an expansion into the markets of CIS countries, acquiring banks in Ukraine and Kazakhstan. Today it is working to complete the purchase of NRB-Ukraine from the Russian National Reserve Bank. In 2006, Sberbank acquired NRB-Ukraine, owned

<table>
<thead>
<tr>
<th>Subsidiary bank</th>
<th>Russian owner</th>
<th>Number of branches in local market</th>
<th>Number of private clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrokommerts-Ukraine</td>
<td>Petrokommerts</td>
<td>4 branches and 16 offices</td>
<td>40,000</td>
</tr>
<tr>
<td>Mriya</td>
<td>VTB</td>
<td>22 branches and 143 offices</td>
<td>37,000</td>
</tr>
<tr>
<td>Alfa-Bank–Ukraine</td>
<td>Alfa Bank</td>
<td>4 offices</td>
<td>5,000</td>
</tr>
<tr>
<td>NRB-Ukraine</td>
<td>Sberbank</td>
<td>2 offices</td>
<td>n/a</td>
</tr>
<tr>
<td>Alfa-Bank–Kazakhstan</td>
<td>Alfa Bank</td>
<td>3 branches (November 2005)</td>
<td>n/a</td>
</tr>
<tr>
<td>Texakabank</td>
<td>Sberbank</td>
<td>34</td>
<td>n/a</td>
</tr>
<tr>
<td>Belrosbank</td>
<td>Rosbank</td>
<td>—</td>
<td>n/a</td>
</tr>
<tr>
<td>Slavneftebank</td>
<td>VTB</td>
<td>11 offices</td>
<td>20,000</td>
</tr>
<tr>
<td>Belgazprombank</td>
<td>Gazprombank</td>
<td>7 branches and 50 offices</td>
<td>40,000</td>
</tr>
<tr>
<td>Armsberbank</td>
<td>VTB</td>
<td>101 (branches and offices)</td>
<td>300,000</td>
</tr>
<tr>
<td>Areksimbank</td>
<td>Impexbank (19% stake)</td>
<td>—</td>
<td>n/a</td>
</tr>
<tr>
<td>NIKoil</td>
<td>UralSib</td>
<td>5 branches</td>
<td>15,000</td>
</tr>
<tr>
<td>United Georgian Bank</td>
<td>VTB</td>
<td>40 branches</td>
<td>80,000</td>
</tr>
</tbody>
</table>

Source: Compiled by the author.
by the Russian National Reserve Corporation (NRC), for $100 million (this transaction has encountered difficulties for lack of a decision by the National Bank of Ukraine). NRC established this bank in the period of active cooperation with Gazprom in the mid-1990s. NRB-Ukraine was engaged in settling Ukraine’s gas debts in the amount of $1.4 billion, converted in 1995 into illiquid 12-year bonds, which were restructured in view of Ukraine’s failure to perform its obligations. NRC bought these bonds from Gazprom at a discount.

In 2005, the Rosbank depository became the first Russian depository to open a nominee account with the central depositories of the Republic of Kazakhstan and the Republic of Uzbekistan.

The general structure of Russian bank assets and liabilities in CIS countries is given in Table 3.

Table 3

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2004</th>
<th>2005</th>
<th>LIABILITIES</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct investment abroad</td>
<td>8</td>
<td>8</td>
<td>Direct investment in Russia</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Portfolio investment</td>
<td>3</td>
<td>8</td>
<td>Portfolio investment</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Foreign currency cash</td>
<td>0</td>
<td>0</td>
<td>Current accounts and deposits</td>
<td>66</td>
<td>74</td>
</tr>
<tr>
<td>Current accounts and deposits</td>
<td>18</td>
<td>24</td>
<td>Loans</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>Loans</td>
<td>59</td>
<td>56</td>
<td>Other liabilities</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Arrears</td>
<td>1</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>10</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: [www.cbr.ru/statistics/credit_statistics].

In principle, the absolute amount of assets changes insignificantly, which is why it makes sense to focus on their structure, where loans and deposits play the dominant role. In 2004, there were serious changes in loan periods (maturities): whereas at the beginning of the year long-term loans made up only about 30% of the total, at the end of the year the figure was close to 40%. Consequently, Russian banks increasingly assume obligations in long-term investment financing in CIS countries. The liability structure, on the contrary, is dominated by current accounts and deposits, and these mostly short-term. In fact, Russian banks in their interaction with CIS countries currently perform the function of maturity transformation in supply and demand for money, which may become a source of risk to their operation in this market.

CIS Bank Participation in the Russian Market

More and more banks with foreign capital operate in Russia. Nonresidents are increasingly active in acquiring stakes in Russian commercial banks, and this confirms that the Russian banking system has become more open and continues to improve.
“Today the Russian banking services market has become so attractive, while the banks of neighboring states have grown so much stronger that they have all the necessary incentives and opportunities to develop a diversified business in Russia. Clearly, the potential of the Russian economy is much higher than the economic potential of the other Commonwealth countries. And if today these differences are not very essential, in time the gap is bound to widen, so that such investments in the future of CIS banks in Russia are well justified. Moreover, such a policy can bring closer the D-day when CIS banks, having gained enough weight, put in order their ownership structure and, with high credit ratings of parent banks at the ready, charge forward in the battle for regional clients.

“Eleven credit institutions controlled by banks from CIS countries currently operate in Russia. And although the stories of their appearance and the specifics of their activity in the Russian market differ significantly, they can be divided into two groups. First, banks set up to service cross-border payments, including those related to interstate programs, and to support national companies trying to do business in the Russian domestic market. Most of these banks were established in the mid-1990s, when specific demand for settlements arose among economic agents against the background of the disintegration of the Soviet Union and the need to restore lost economic ties.

“The situation began to change radically in the 2000s, when economic growth and development of the banking services market in Russia led to the emergence of the second group: universal banks offering services mainly to Russian clients and seeking to make most of their profit from these activities. Some banks from the first group also began moving into the second group.

“In developing retail banking in Russia, banks from CIS countries prefer to start not with the registration of a new credit institution, but with the purchase of existing institutions with a sufficiently developed and diversified business. This is justified and cost effective.” First, they are interested in acquiring a successful Russian bank brand (its value for them is indisputable, because their own brand usually carries no weight in Russia). Second, CIS banks are better placed than Western banks to handle the clients of the bank being purchased.

“Thus, when a Russian credit institution is bought by a Western bank, the latter is obliged, in view of stringent corporate requirements for borrower quality and business practice, to shed most of the “inherited” clients whose risks do not allow them to get the approval of loan committees. Plus the necessary reorganization of management, whose departure inevitably leads to the loss of many clients. It is another thing when the buyer is a CIS bank, which can keep the existing business more or less intact by following a flexible risk policy.

“The same flexibility and continuity are becoming a special competitive advantage for banks from Near Abroad countries, because they can meet many “specific” needs and requirements of Russian clients which will never be taken into account not only by Western banks, but even by major Russian banks.

“Special attention should be paid to the pricing policy of CIS banks. Since their corporate brand does not give them any particular advantages in the Russian market while they are interested in attracting new clients (including through pricing), interest rates on their deposit and loan products are often better than the market average. One should also bear in mind the high credit ratings of their parent banks. Although these are not directly projected onto the ratings of the subsidiaries in view of their intricate ownership structure, clients nevertheless take them into account. At any rate, to those who are looking for a bank with sufficiently high deposit rates and acceptable risk levels, the terms offered by CIS banks may appear uniquely favorable.

“There is yet another advantage. Whereas Western subsidiary banks in effect do not work with Russian banks in the interbank credit market but look for partners among the top three state-owned

banks (Sberbank, VTB and Vneshekonombank), CIS banks have a much wider range of partners. These include even some regional banks, which means the appearance of an additional source of liquidity helping to maintain the stability of the domestic banking system.

Interest rates adjusted in favor of clients can be regarded as payment both for the insufficient prestige of banks, for their entry into the Russian market, and for strengthening their positions in this market. For example, even if today a bank forgoes part of its profit by introducing “speculative” interest rates, this enables it to occupy a niche in the Russian market, while these losses may be more than compensated in the future given the general growth of the Russian economy, rising household income and adequate improvement in the performance of the banking sector.

Let us recall that all subsidiaries of CIS banks have easily passed the selection procedure for inclusion in the deposit insurance system, so confirming their sufficient reliability.

Another specific feature of banks from CIS countries distinguishing them from their colleagues based in the developed countries is that most of them do not advertise their affiliation with parent financial groups, either in terms of accounting records reflecting the ownership structure or in terms of information provided to clients. The parent bank’s corporate brand cannot have a particularly positive influence on the image of its subsidiaries (the reputation of a purchased regional bank is often more important to clients than the reputation of a bank from Kazakhstan little known in the region). That is why they find it more cost effective, while offering quality banking products, to appear “in the guise” of an average Russian bank. In fact, the clients of such banks become their easiest “prey.” Such a strategy ensures rapid development of business and growing customer interest.

For example, none of the four banks in the TuranAlem group has most of its capital contributed by nonresidents (according to the formal balance sheet), which is explained by the special procedure for their acquisition through Russian intermediaries and puts them on a par with conventional Russian banks in the eyes of bank regulators.

The Moscow-based Moskommertsbank has a similar structure (in the Interfax-100 rankings as of 1 July, 2006, it was 104th in terms of net assets). This bank belongs to Kazakhstan’s Kazkomertsbank, although 100% of its capital, according to its balance sheet, consists of funds contributed by residents. Such a method of forming bank capital may be due to the simplified procedure for purchasing banks open to residents, as well as the simplified procedure for selling them as the need arises.

However, one might expect that once the CIS banks manage to gain a stronger foothold in the Russian market, they will make their ownership structure more transparent. This will automatically boost their credit ratings and may translate into a “great leap forward” in the development of their business in Russia, primarily in the regions.

Regional priority is precisely what distinguishes CIS banks in their business activities from European and American financial institutions.

“Attention is drawn to the fact that Kazakh banks, apart from the Moscow region, are particularly active in Russian regions bordering on Kazakhstan. And this is no accident.

First, geographical proximity reduces the costs of doing business.

Second, bank clientele in these Russian regions is closer in character to the typical clientele of Kazakh banks, which means it is possible to use marketing techniques and offer product lines tried out with ‘domestic’ clients.

Third, Kazakhstan business interests are present in these regions, which creates additional demand for bank services.

Fourth, it is much easier for a bank from Near Abroad countries to enter regional markets than to start operating in large megalopolises with stiff competition. Kazakh banks in the regions, representing the best financial institutions of their country, appear in a favorable
light against the general background of our regional banks, whereas in the capital their advantages pale beside major Russian banks and Western subsidiaries.\textsuperscript{10} 

Developing business in neighboring Russian regions is the simplest and most promising path for Kazakh banks, which means that after Omsk, Chelyabinsk, Kazan and Astrakhan they can be expected to appear in Novosibirsk, Yekaterinburg, Ufa, Samara, Volgograd and Perm.

Kazakh banks are also active in the markets of other CIS countries (especially in neighboring Kyrgyzstan)\textsuperscript{11} and seek to expand their activities in Russia. TuranAlem and Kazkommertsbank are particularly active in this respect. The Russian banking market as the largest one in this region is also attractive to financial institutions from other CIS countries: apart from Kazakh banks, one will find banks from Ukraine, Armenia, Azerbaijan and Uzbekistan, but their share of Russian banking assets is insignificant.\textsuperscript{12}

"Kazakh banks, which continue to be mostly oriented towards the domestic market, are increasingly expanding their operations, including the acquisition of assets in Russia, Kyrgyzstan, Uzbekistan, Georgia, Ukraine and other CIS countries."

"As they enter the Russian market, they find it more cost effective to buy Russian banks instead of starting 'from scratch.' They prefer to begin their expansion in the regions, where they directly

\begin{table}
\centering
\begin{tabular}{|l|l|}
\hline
\textbf{Country} & \textbf{Investors} \\
\hline
Armenia & Russia, Greece, France, U.S. \\
Azerbaijan & Italy, Russia, U.S., Britain, Turkey \\
Belarus & Russia, Germany \\
Georgia & U.S., Britain, Azerbaijan, Russia \\
Kazakhstan & U.S., Canada, Turkey, Japan \\
Kyrgyzstan & Kazakhstan, Canada, U.S., Germany, Turkey \\
Moldova & Rumania, Russia, U.S., Spain, Britain, France \\
Tajikistan & Britain, Canada, U.S., South Korea, Russia \\
Turkmenistan & U.S., Britain, Malaysia \\
Ukraine & Germany, U.S., Cyprus, Britain, Netherlands, Russia, Austria \\
Uzbekistan & Britain, Malaysia, Turkey \\
\hline
\end{tabular}
\caption{Major Investors in the Economy of Individual CIS Countries}
\end{table}

\textit{Source:} Compiled by the author.


\textsuperscript{11} According to Standard & Poor’s, about 40% of total banking system assets in Kyrgyzstan are controlled by Kazakh banks (see: \textit{CIS Banking Systems: Mixed Prospects But Common Risks}, Standard & Poor’s, 10 December, 2004).

compete with Russian banks across the entire product line, a process facilitated by macroeconomic
trends. Kazakh banks own 7 out of 11 credit institutions controlled by banks from Near Abroad coun-
tries (70% of CIS banking assets in Russia). Why is this so?

- First, Kazakhstan has the most developed banking system in the territory of the former Soviet
  Union, which in some respects not only compares with, but also surpasses the Russian system
  (in particular, in implementing international banking standards).
- Second, the high development potential of Kazakh banks encounters the problem of limited
demand for their services within the country, which induces them to look for new markets.
- Third, the economies of Russia and Kazakhstan are the most closely integrated ones among
  the CIS countries, and this should be adequately reflected in the integration of their financial
  systems as well.
- And fourth, due to its geographical location Kazakhstan has the longest border with Russia,
  which encourages Kazakh banks to reach out into adjacent territories.  

Competition in Kazakhstan’s banking sector is very high. At the same time, Kazakh banks are
the most active among CIS banks in their efforts to enter the Russian market, including the retail
market, regarding this as a priority task. It is quite possible that in the near future they will also try
to penetrate the markets of other Commonwealth countries. In 2005, TuranAlem already bought 49% of
the shares of Armenia’s Mezhinvestbank,14 which shows once again that what is at stake now is the
possible presence or non-presence of Russian banks in the markets of neighboring countries. Besides,
such giants of European retail banking as Raiffeisen, BNP, Banca Intesa and Société Générale are so
far active only in Ukraine and Russia. But if their interests extend to other countries, Russian banks
may be short of both prestige and resources to resist them.

On 17 July, 2007, the Federal Antimonopoly Service of the Russian Federation allowed Ka-
zakhstan’s financial holding company Seimar Alliance to acquire a 51% stake in Petrokommerts, one
of the top twenty Russian banks. Up to now, such major transactions in the Russian banking sector
have been performed only by Western investors. Petrokommerts is to be the second acquisition of the
Kazakh holding company: a month earlier, Seimar Alliance announced the acquisition of 92.75% of
the shares of Russia’s small StarBank.15 Until today, representatives of Kazakhstan’s financial sector
have preferred to purchase more modest assets in Russia.

The major investors here are the republic’s two largest banks: Kazkommertsbank (the benefici-
ary of Moskommertsbank and the East Capital investment company) and TuranAlem (which owns
15.6% of SlavinvestBank, Omsk Bank, AgroinkomBank and BTA Bank). The assets of Petrokom-
merts make up more than half of the assets of the Kazakh bank in question.16

The economies of both Russia and Kazakhstan depend in large part on world energy prices,
which serves to strengthen their national currencies against the U.S. dollar. But whereas the Bank of
Russia seeks to keep the rising ruble in check so as to maintain the competitiveness of domestic pro-
ducers, Kazakhstan follows a more liberal policy: from 2000 onward, its tenge strengthened steadily
in relation to both the ruble and the dollar. Against the background of such exchange rate dynamics,
credit policy success in Russia for Kazakh banks was associated with active efforts to attract resourc-
es from the Russian market, because if lending operations were funded by parent banks the short cur-
rency position was bound to have an adverse effect on the financial performance of their Russian

13 “Banki stran SNG uvelichivaiut svoio prisustvie v Rossii (2006),” available at [http://www.gazetasng.ru/busi-
ness-area/?id=553].
16 Ibidem.
subsidiaries. So, Kazakh banks in Russia could achieve financial success only if they developed the entire line of banking products.

In the summer of 2006, the government of Kazakhstan decided to convert its stabilization fund from national currency into dollar-denominated assets, which has led to a sharp drop in the tenge exchange rate. This may result in much faster credit expansion by Kazakh banks in Russia due to the financial attractiveness of loan funding by parent banks.

### Table 5

<table>
<thead>
<tr>
<th>Bank</th>
<th>Country</th>
<th>Russian subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBA</td>
<td>Azerbaijan</td>
<td>IBA-Moscow</td>
</tr>
<tr>
<td>Halyk Savings Bank</td>
<td>Kazakhstan</td>
<td>Khlebny Bank (Chelyabinsk Region)</td>
</tr>
<tr>
<td>Kazkommertsbank</td>
<td>Kazakhstan</td>
<td>Moskommertsbank</td>
</tr>
<tr>
<td>TuranAlem Bank</td>
<td>Kazakhstan</td>
<td>SlavinvestBank</td>
</tr>
<tr>
<td>TuranAlem Bank</td>
<td>Kazakhstan</td>
<td>Omsk Bank</td>
</tr>
<tr>
<td>TuranAlem Bank</td>
<td>Kazakhstan</td>
<td>Volga-Kama Joint Stock Bank (Tatarstan)</td>
</tr>
<tr>
<td>Texakabank</td>
<td>Kazakhstan</td>
<td>Metrobank</td>
</tr>
<tr>
<td>Anelik Bank</td>
<td>Armenia</td>
<td>Anelik Bank (branch)</td>
</tr>
</tbody>
</table>

Source: Compiled by the author.

### Azerbaijani–Russian Cooperation in the Banking Sector

The banking system of the Azerbaijan Republic attracts the attention of the most diverse investors. Azerbaijan has close ties with Turkey, a potential major investor: Turkish banks, including Koçbank and T.C. Ziraat Bankası A.S., operate in Azerbaijan’s banking market. But so far the rate of expansion of Turkish banks in the republic is not very high because of recent financial problems in Turkey itself.

In the near future, Kazakhstan’s TuranAlem plans to enter our market (among all CIS countries, this bank is not represented only in Azerbaijan and Uzbekistan). Latvia’s Parex Bank intends to open a branch in Azerbaijan.

But judging by growth dynamics, very soon the capitalization of Azerbaijan banks will increase significantly and in the long term they will play the leading role in the financial market of the Caucasus region. True, so far they focus on the domestic market, and only the International Bank of Azerbaijan (IBA) is actively expanding its presence in Near Abroad countries. IBA has two subsidiaries (IBA-Moscow and IBA-Georgia), and also representative offices in London and Frankfurt.

The only large Russian bank with a subsidiary in Azerbaijan is UralSib. This subsidiary bank, NIKoil, is among the top ten banks in terms of assets. Initially, NIKoil-Azerbaijan represented only the oil interests of LUKoil in the Central Caucasus market, but once it became part of UralSib Corporation, it set out to tap the local retail banking market. Today its share of the Azerbaijan consumer market is over 3%, which is a fairly good result by Russian standards, but this share could be much larger, especially considering the intensity of migration flows between the two countries.
Russia’s NIKoil, long present in our market, intends to open branches in all economically developing regions of the republic in view of a shortage of banking services in rural areas. In accordance with Azerbaijan’s regional development strategy, it plans to open 6 branches and 38 offices in the next two years. Apart from financing farmers, the bank is to focus on the development of manufacturing enterprises and land reclamation infrastructure. Today this policy is being successfully implemented by NIKoil’s Gabala Branch,17 which provides loans for winegrowing, production of wines and brandies, and cotton production and processing.

Russia is Azerbaijan’s major trading partner. Historical and economic ties, a single transportation network, a common infrastructure and widespread knowledge of the Russian language facilitate cooperation between the two countries. In our opinion, further development of the banking system in both countries is a prerequisite for accelerating integration processes. Close economic integration with Russia meets Azerbaijan’s strategic interests.

**Conclusion**

We believe it is time to think about creating within the CIS framework a system of mutual preferences for establishing subsidiary banks and branches. The Commonwealth countries do not make full use of their potential for trade operations and mutual investment. As for the use of national currencies in trade between CIS countries, only 20% of their mutual trade turnover is settled in these currencies. That is why it is necessary to create a single payment system in the CIS for settlements in national currencies. So, further development of the CIS countries’ banking system can pave the way for accelerating integration processes in the post-Soviet space.


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**THE FORMATION OF AN EFFICIENT INTERNAL ENERGY MARKET UNDER GLOBALIZATION CONDITIONS (AZERBAIJANI CASE STUDY)**

**Abstract**

This article looks at the situation that has developed in the country’s electric power industry, studies the principles and special features of forming an internal energy market in the Azerbaijan Republic, and justifies the need for reform-
After the collapse of the U.S.S.R., Azerbaijan experienced an abrupt drop in its industrial production, including in energy generation and consumption. Due to the social situation that developed in the country, the price of electric energy consumed reached a critical level. Due to insufficient financing and lack of spare parts, electricity-generating installations, which were in need of modernization anyway, experienced a rapid drop in capacity. This resulted in its shortage and upset the balance between energy supply and demand. In order to find a solution to this situation, the government launched several programs aimed at developing the power industry. Their successful implementation requires creating an efficient internal energy market based on the experience of advanced countries, particularly the European Union states.

In 2007, the overall capacity of the Azerbaijani energy system comprised 5,569 MW, of which thermal power stations accounted for 4,540 MW, and hydropower stations for 1,029 MW. Two types of fuel are used at thermal power stations—natural gas and fuel oil. According to the 2007 data, natural gas comprises 78.87% of the total amount of combustible fuel, and fuel oil accounts for 21.1%. This shows that, compared with many other countries of the world, Azerbaijan produces electric power that is cleaner in environmental terms.

Due to the fact that most of the energy installations are morally and technically outmoded, they cannot operate at full capacity, particularly at peak hours. This, in turn, is leading to certain restrictions in energy consumption: for example, in the winter, the capacity could be raised to only 4,100 MW.

At present, although there exist the problems of the transition period in the economy, the electric power system continues to develop at an accelerated rate. Over the past few years, state-of-the-art combined cycle electric generating plants with a total capacity of approximately 1,000 MW have been put into operation in Azerbaijan, which is the first of the former Soviet republics to do this. They include the Shimal State District Power Station with a capacity of 400 MW (in operation since 2002) and the Sumgait State District Power Station with a capacity of 517 MW, which should go into operation in 2008. In order to resolve the problem of insufficient electric power at peak hours and create reserve capacities, five module gas piston power plants with a total capacity of 452 MW have been put into operation, and new ones are being built.

Beginning in 2008, in addition to those already in operation, newly built power plants with a total capacity of 2,500 MW are being launched, and this comprises approximately 50% of the capacity of the country’s entire energy system. These power plants, which cost several billions of dollars, are being built by the state. In addition, large-capacity thermal power plants are being built (one with a capacity of 760 MW in Alibairamly and another with a 712 MW capacity in the settlement of Aliat),
and a project is underway to build a network of small hydro- and wind power stations. Corresponding state programs, both in the above-mentioned and in other spheres of the electric power industry (alternative sources of energy, transmission and distribution networks, an automatic-control system, electricity-supplying networks, building-assembly and other organizations, and so on), are being carried out.

An important aspect of state policy in the fuel and energy sphere is creating the necessary conditions for building so-called independent power plants, using state-of-the-art technology, based on private property and with the incorporation of foreign investments. This should help the country’s energy industry to successfully compete with the world producers of electric power and bring in high dividends. The need for building independent power plants and its legal aspects were set forth in the Law of the Azerbaijan Republic on Power and Thermal Stations adopted in 2000. When building such power installations, the investor (usually foreign) assumes responsibility for all the planning, construction, financing, and management issues. The client country, which issues the license for building an independent power plant, is not responsible for financing the power plant, but creates equal conditions for it with respect to use of the country’s fuel and infrastructure.2

When independent power plants go into operation, real competition is generated and monopoly is eliminated in electric power generation, and not only do electric power plants operate more reliably, but other economic indices are also raised. As a result, the country’s energy security is strengthened.

But when building such power plants, it is very important to keep in mind world experience and the opinion of well-known specialists in this sphere. This is because in debt contracts that regulate the settlement of a certain amount of the country’s debt in dollars and euros, the loan interest is defined on market conditions (particularly with respect to short-term debts). Since the loan interest rate and inflation rate can change, a developing country that borrows money is taking a great risk. And another negative fact should be taken into account: the International Monetary Fund and World Bank encourage entering such contracts, despite the fact that the client country assumes the entire risk perpetrated by a change in the level of energy consumption. Under the conditions of a contract signed on the take-or-pay principle, if electric power is not produced (for reasons beyond the plant’s competence) or there is no demand for it, the government of the client state guarantees return of the loan. So when drawing up contracts for building independent power plants, particular attention should be paid to measures aimed at minimizing the said risks.

According to the State Statistics Board’s data for 2007, Azerbaijan is at the bottom of the list of 50 countries of the world in terms of per capita electric power generation.3 Due to this and taking into account the potential of the country’s fuel resources, there is an urgent need to build power stations based on private and mixed types of ownership in order to eliminate the shortage of electric power and ensure its export.

In addition to the above, specific and quite effective measures have been carried out recently to eliminate monopoly in the distribution and supply of electric power. For example, the vertical monopoly state management system in effect during the 20th century has undergone some changes and economically, organizationally, and legally independent electricity-supplying enterprises (electric power networks) have been created in the regions; for example—the Baku, Sumgait, and Sheki power networks, as well as the distribution and power supply networks of other regions that are still part of the OAO Azerenergy State Power Company.

There can be no doubt that the accelerated construction of contemporary power plants, the development of high-voltage power networks, the use of precise and reliable metric systems, and the formation of a national dispatcher system that meets international standards have led to a significant

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3 Website of the State Statistics Board of the Azerbaijan Republic [www.azstat.org]—International comparison.
reduction in the electric power shortage and to elimination of the imbalance, which has been observed for many years, between the amount of electric power produced and consumed.

Along with the accelerated development of technical generation capacities and the increase in other opportunities in the electric power industry, lowering the net cost (price) of electric power, carrying out measures to increase the security and reliability of the energy system, eliminating the wastefulness existing in energy supply (losses of electric power, unreusable reserve capacities, and so on), and taking into account the social status of clients when collecting payments for the electric power consumed are just as important. An internal energy market must be formed to carry out these measures, otherwise purely technical development of the industry without economic reform will not produce the anticipated results.

The efforts exerted at this stage to create an energy market can be assessed as initial steps. For example, the Law of the Azerbaijan Republic on Electric Power envisages large-scale changes in the structure of the country’s energy system, the main ones of which are ensuring legal and economic independence and choice of forms of ownership by the main electricity-supplying entities: producers, transmission and distribution networks, and enterprises supplying customers with energy and functioning as independent market entities.

The diagram below presents the approximate structure of the existing market status of the energy system and shows the entities of the internal energy market and simplified relations among them. The existing structural elements (power stations, transmission and distribution networks, etc.) and their relations are shown by solid lines, and the necessary enterprises and their relations under market conditions by dotted lines.

As is seen from the diagram, despite the fact that there are already several electricity-supplying enterprises, general standards have still not been adopted. Moreover, a corresponding regulatory authority has not been formed that would ensure the functioning of market relations within the main entities of the energy market and between them (between producers and transmission networks, between transmission and distribution networks, and between distribution networks and electricity-supplying enterprises).

Advance of the country’s economy requires accelerated development of the electric power industry in order to cover the growing demand for electric energy. This means that reforms must be conducted relying on international experience to create an efficient internal energy market based on a special state program. This program, which should take the country’s specifics into account, must define the orientation of the reforms, the model for forming an internal energy market, the principles for creating a regulatory authority, and the drawing up of corresponding standards.

The model of the energy market being created should include the following principles:

- Ensuring correspondence of the new legislative acts, regulations, and instructions regarding operation of the energy industry to the principles of the European Union’s directives.
- Putting operation of the energy industry on a competitive basis.
- Creating a tariff system that reflects the expenses. New tariffs for energy and its capacity should be multi-rate and take into account the objective expenses, making it possible to regulate the activity of groups of producers and customers.
- Eliminating cross-subsidizing by means of direct targeted financing.
- Providing access to the energy market based on licenses issued by the regulatory authority.
- Regulating market relations by an administratively and financially independent regulatory authority.
- Defining the state’s role in control and management.
- Ensuring that market participants assume all market-related risks.
Existing Structure of the Country’s Energy Market
Privatizing state energy property.

Ensuring an efficient management system.

The implementation of these principles is inevitably encountering difficulties and requires adequate political decisions, the carrying out of large-scale restructuring of the existing structures, the creation of new subdivisions, constant consideration of the country’s specifics, and public support.

The following entities should take part in forming an internal energy market and in regulating its activity: the state and government, the regulatory authority, transmission system operators, distribution system operators, electricity-generating companies, electricity-supplying and retail sale companies, service companies, electric power merchants, and a wholesale market.

The Special Features of Forming an Internal Energy Market

The transition to a free energy market (independent of the country or region) must be carried out on the basis of a substantiated market model. In so doing, it is very important to determine the role and specialization of each participant (i.e. to determine whether the electric power entities are monopolistic, competitive, etc.).

As in all spheres of state economic policy, the experience of developed states, primarily the European Union countries and Turkey, in the electric power industry was used when drawing up legislative acts.

In compliance with the decision adopted by the Ministry of Industry and Power Engineering and OAO Azerenerji, the Azerbaijani Research and Developing Institute drew up an initial list of legal acts, regulations, and instructions for ensuring the creation of an internal energy market.


These legislative acts contain numerous binding political decisions generated by the transition period (for example, the long-term transfer to a single operator of a monopoly distribution system consisting of 110-kV power transmission lines and competitive electricity-generating and electricity-supplying systems) and encompass only the general principles of market relations relating to alternative forms of ownership: anti-monopolistic, competitive, and other new operating entities. So it is imperative that a new law be adopted that ensures the regulation of activity on the energy market. In our opinion, the following factors, which are not taken into account in current legislation, should be set forth in it:

- Types of activity of legal entities on the energy market that carry out generation, transmission and distribution, wholesale and retail sale of electric power, retail sale services, and import-export.
- Types, conditions, principles, and general license requirements issued for carrying out activity on the energy market.
- Creation of a regulatory authority and its management apparatus, determination of its status, rights and obligations, ownership and income, sanctions and legal proceedings, working procedures, and so on.

New tariffs (tariffs for hooking up to and using networks, electric power transmission tariffs, wholesale tariffs, electric power distribution tariffs, retail sale prices) must be drawn up by a corresponding legal entity based on the new regulations and presented to the regulatory authority before the fourth quarter of the current year for their use the following year.

In order to bring the regulatory legal base of the internal energy market into harmony with contemporary international requirements, the following laws of the Azerbaijan Republic must be adopted: on regulation of utilities (a draft is ready) and on electric power, natural gas, and petroleum product markets. Provisions (Regulations) on Tariffs should be drawn up: on servicing electric power users; on users with special authorities; on regulating operation of the energy system; on balancing the capacity of the energy system and on calculating conditions; on distributing electric power; on licensing; on the reliability and quality of the transmission system; on the import and export of electric power; and on auditing and research, as well as the corresponding instructions.

When drawing up regulations for operation of the energy system on the internal market, the Electricity Directive 2003/54/EC and Regulation 1228/2003/EC should be used as a basis. The main principles of these regulations were adopted in Turkey, in many developed countries of Asia, and in the republics of the former U.S.S.R. This directive says:

— despite the fact that electricity companies in the country are fully owned by the state, in keeping with the new rules, the state’s participation in the management of electricity companies is limited as is the case in European states;

— in the energy sector, regulatory functions and state management functions shall be kept separate from each other.

According to the requirements of the electricity directive, Azerbaijan, as any other country (and naturally keeping in mind its special features), shall create a regulatory authority of the energy market that is independent of the interests of the energy industry.

In our opinion, certain changes must first be made in the structure of the energy industry and the independent bodies and market entities indicated below formed.

The regulatory authority directly determines and approves the network tariffs for electricity transmission and distribution, is responsible for drawing up a tariff calculation method, and provides access and hook-up to the networks. In rare cases, these tariffs can be approved by the government. Under the new market conditions, the government (or any state agency) cannot as a rule interfere in market activity, particularly in wholesale and retail trade price formation.

Regulatory legal acts drawn up with the participation of the regulatory authority create full-fledged conditions for the activity of an integrated and competitive internal energy market. These acts define the general provisions for the generation, transmission, distribution, and supply of electric energy. Rules are thus established for the organization and functioning of the electric power industry under the new conditions: access to the market, tender criteria and procedures, and licensing.

The transmission system with a current of 110- 220- 330- 500 kV acts as the center of the energy market. Since it encompasses the whole country and includes the National Dispatcher Center (NDC) and Market Financial Payment Center (MFPC), it performs the function of technical and financial operator.

According to the new regulations, electricity transmission and distribution is a monopolistic activity, whereas energy generation and supply are carried out on a competitive basis. The operators of transmission and distribution systems should not allow discrimination with respect to producers, energy suppliers, and merchants, or final customers, particularly when hooking up to networks and establishing tariff rates.
According to the legislation, the internal energy market being formed at present with the government’s participation should be built on the principle of competition. Monopoly will ultimately be eliminated in vertically integrated undertakings and there will no longer be a need for the state’s direct participation on the energy market. In the future, the internal market will gradually turn into an open market. So network operators will also be responsible for ensuring the right of all producers and energy suppliers to hook up to their networks and the right of customers to purchase electricity from the supplier of their choice. Customers can be free to choose their supplier if all industrial and household customers have reached the level of a highly qualified user.

One of the main demands of the internal energy market is the fact that transmission and distribution must be absolutely separate from generation, supply, and sale of electric power. In keeping with the new requirements, the operators of transmission and distribution networks should function separately, both from the viewpoint of rights and with respect to management and accounting. Transmission system operators are founded as independent legal entities. If they function as subsidiary enterprises of vertically integrated undertakings (the shareholders of Azerenergy, for example), they are granted the right to make independent decisions.

**Distribution systems** with a current of 35-110 kV ensure the distribution of electricity to final customers in their region. Since electricity distribution is a monopoly activity, it should be separate from competitive activity. The operators of monopoly distribution networks must hook up all the customers in their area of service. The independence of transmission and distribution network operators is the main element of the internal energy market.

**Electricity-generating companies.** Energy generation is a competitive activity. Since electricity-generating companies do not have the rights of monopolist for providing customers with electric power, they operate on a competitive basis and sell their goods at a price that is set based on the balance between supply and demand on the market. These companies, both in the legal and functional respect, do not depend on transmission and distribution networks, which are monopolistic entities. In keeping with the requirements of the European Council Directive on liberalization of the energy market, competition must be created in Azerbaijan among electricity manufacturers across the entire market. The regulatory authority and other corresponding government structures engaged in market regulation are responsible for applying the regulations that ensure the objectivity of competition based on unified principles.

**Electricity-supplying companies** with a current of 0.4-10-35 kV provide final customers with electric power. As a rule, these enterprises buy electricity on the market, but they can also produce it themselves if they own power plants. Electricity-supplying companies function on retail markets, their clients are household customers, small and medium-sized industrial enterprises, services, stores, and so on. They should be both legally and functionally independent of transmission and distribution networks, but can operate jointly with energy producers.

Along with the aforesaid, in world practice special types of energy servicing based on contracts are also widely used. Extensive use of these regulations is also considered expedient under Azerbaijani conditions. Research-and-development and construction work, the issuing of licenses for investments, technical servicing, communication and telecommunication, and so on are also included in these types of activity.

**Conclusion**

In order to create competitive energy market in Azerbaijan and taking into account the experience of the European Union countries, reforms should be primarily carried out in some areas.
The existing energy laws contain many binding political decisions generated by the transition period and encompass only general principles of market relations. For example, for many years monopolistic distribution systems and competitive generation and electricity-supplying systems have been managed by one operator. So the following is necessary in order to regulate market relations between the newly created and fully independent legal entities of energy activity.

1. A new law on electric power must be drafted and adopted (based on the principles of the European Council Directive (2003/54/EC). During the discussion and adoption of the new law, keeping in mind the principles of the regulatory legal acts of the European Union energy market (EC Regulation 1228/2003), a code of rules and provisions must be prepared for regulating the operation of all participants of the energy market (those doing the regulating and those being regulated).

2. An independent body must be created for regulating the energy market (including natural gas, water, and other energy resources) which will be responsible for the efficient operation of the energy market, honest competition, establishment of generation and network tariffs, non-discriminatory hook-up of customers to the network, and so on. In 2005, a draft Law on Regulation of the Energy Market drawn up by the commission for natural resources, energy and environmental issues of the Milli Mejlis of the Azerbaijan Republic and the Azerbaijani Research and Development Institute of Power Industry of OAO Azerenergy was submitted to the government for discussion. It envisaged complete independence of the regulatory authority from executive power. This authority was entrusted with the following functions: issuing licenses to energy market entities, regulating electricity tariffs, and reviewing complaints by market participants.

3. Transition of the electric power industry to market relations must be ensured, whereby it is primarily necessary to create new organizations functioning autonomously and on the principles of competition and natural monopoly. At the moment, the country’s electricity producers and transmission and distribution systems are completely subordinate to OAO Azerenergy. In order to eliminate this monopoly, electricity producers, the transmission system and its operator (dispatcher service), the distribution systems and their operators, and electricity-supplying companies should be separate from each other from the legal, managerial, and financial viewpoint and act as independent legal entities.

4. The formation of an internal energy market in our country should be carried out in two stages. At the first stage, Azerenergy, while remaining the main shareholder of state property, should make the power plants and electricity-supplying companies under its subordination independent and create a competitive mechanism between them. At this stage, transmission and distribution systems and their operators should begin to function as subsidiary enterprises of Azerenergy. The energy system functioning in this structure will eventually gain experience and, along with Azerenergy, draw up a program for privatizing the electric power industry and ensuring the transition to the next stage of the energy market.

So, since the lion’s share of the energy resources are exported to countries actively undergoing globalization, the creation of an internal energy market will make it possible to determine the most optimal strategies of energy balance. And this in turn makes it possible to raise the country’s energy security and lower the risks of its energy vulnerability.
DISTORTED MIGRATION TERMS: CUI BONO?

Abstract

The author discusses the specific features of forced and compulsory migration using the available statistics; he takes an in-depth look at the compulsory migration caused by the regional ethnic conflicts in the independent post-Soviet states.

Introduction

In recent years the term “forced migration” has been frequently used to describe the population outflow from regional and ethnic conflicts zones. According to the U.N. OHCHR, these migrants can be described as “refugees,” “forced migrants,” etc. In fact, the term “forced migrant” frequently appears in works by prominent experts on migration issues: V.A. Iontsev,1 V.M. Mukomel,2 M.V. Tukhashvili,3 and others.

The Narodonaselenie (Population) encyclopedic dictionary offers the following definition of the term “forced migration:” “The sum total of territorial movements of people caused by a temporary or semi-temporary change in residence for reasons beyond their power and, frequently, contrary to their desire (natural disasters, technogenic and economic catastrophes, warfare, and violation of fundamental human rights and freedoms.” The dictionary also offered the term “compulsory migration,” which is based on the orders of civilian or military administrations (exile, deportation, etc.). International law describes forced migrants as “refugees and displaced persons.”4

Migration Behavior

The migration process is a reflection of an individual’s desire (a family member or group of people) to satisfy certain requirements (regardless of what they are) by changing his/her place of residence (temporarily or permanently). Normally it takes an individual (family member or group of people) a long time to arrive at a decision to migrate. At the same time, if the potential migrant is able

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to satisfy the requirements that initially prompted him to consider migrating at home, he may decide not to change his place of residence after all.

More likely than not, migration is a voluntary act even though there may be internal and external reasons prompting migration (unemployment, the desire to improve one’s material situation, obtain an education, etc.) which may speed up or slow down the final decision.

There are cases when the decision to migrate must be made promptly, such as in the event of natural disasters—earthquakes (Georgia and Armenia, 1988); floods and landslides (Georgia, 1988); and technogenic catastrophes (Chernobyl, 1986)—such population movements are called ecological migrations.

To better understand the problem we should first investigate individual (family) migration behavior in peacetime. Normally migration takes place as the result of individual voluntary decisions. Like all other types of demographic development, migration is carried out by means of individual decisions caused by definite, mostly socioeconomic, requirements. Migration behavior is part of a fairly long process that develops in stages. Normally we skip the stages to register the result.

If the factors prompting migration disappear, the move may not take place; if different push factors appear later, the process might resume. On the whole, this is part of migration behavior rather than of the fact of migration.

If individual (family) requirements create discomfort, the idea of migration appears as a result of the requirements-possibilities conflict. The decision-making process goes through several stages: at the first stage, the fact of the conflict is realized: there is obvious dissatisfaction with the present state and potential of the situation in which a person lives, which creates the desire to migrate.

At the second stage, the desire to settle the problem on the spot is much stronger than the desire to migrate, mainly because an analysis of the available information plays a special role, whereby the potential migrant takes a sober look at the extent to which the problems that caused the desire to migrate can be resolved at the new place of residence. The cultural level and the degree of tolerance of the host population, the living standards, urbanization, and employment guarantees are among the main factors (especially in cases of emigration). Depending on their educational and cultural level and spiritual requirements, different groups of migrants treat confrontation in conflict situations differently. The social value of the components enumerated above in one’s own country compared with the potential place of residence is also important. The extent to which the individual is influenced by traditions, religion, kinship ties, etc. plays a significant part in migration activity. Suffice it to say that until 1990, 95 percent of all Georgians lived in their homeland. In so doing, two opposite driving forces of the migration process, rational and emotional considerations, come to the fore. The individual’s expectations play a positive role, while potential difficulties restrain the desire to migrate. This creates a conflict between individual interests and possible satisfaction of the individual’s requirements; consensus between them ushers in a new phase—the individual’s readiness to migrate.

At the third phase the individual looks at the prospects for himself (family) in the new place. As soon as he forms a clear idea about the future, he makes the decision to move. The final decision is also affected by the individual’s (family’s) ability to adjust to the new culture, traditions, and different socioeconomic norms in the new environment.

**Compulsory Migration**

Under the conditions of compulsory migration, the need to make an urgent life-saving decision upturns the normal decision-making cycle. Compulsory migration occurs for political, military, or ethnic reasons, as well as due to the desire to avoid physical violence or elimination. Compulsory migration is spontaneous since it is not a free process like all other types of migration. In the event of compulsory migration, human masses become refugees, they are left without a means of subsistence
and, contrary to normal migrants, find it hard to integrate into the new social milieu. Unlike ordinary migrants, refugees are neither psychologically nor materially ready to move. Their return depends on external reasons, which worsens the situation even more. Compulsory migration differs from voluntary migration by the fact that frequently the refugees can only return home in the event of a new armed conflict.

It seems that the term “compulsory migration” should be used more extensively in special writings since the term “forced migration” frequently does not describe the real content of the migration processes unfolding contrary to people’s will. The term “forced migration” cannot be used for political purposes since it does not reflect the essence and true causes of the spontaneous movement of human masses.

In the event of socially and economically induced migration, or migration for other reasons, migrants have the opportunity to return home; this is impossible in cases of compulsory migration, when the opportunity to return depends on external sources. The above suggests that compulsory migration can be defined as follows: “resettlement of individuals (family members or groups of people) against their will for political or ethnic considerations with the help of administrative and legal measures or through the use of force.”

The following can be described as compulsory migration:

1. moving slaves from colonies;
2. moving pows;
3. removal of civilians from occupied territories;
4. setting up reservations inside the country for political or ethnic considerations;
5. deportation—resettlement of the civilian population by administrative methods (for example, forced resettlement of the mountain people of the Caucasus, Germans, Meskhetian Turks, and others in the 1940s);
6. resettlement of the civilian population because of civilian and ethnic conflicts.

The history of mankind abounds in cases of compulsory migration, however I shall dwell here on their main causes and final results. According to different assessments, there are between at least 20 and 35 million compulsory migrants throughout the world,\(^5\) however the U.N. gives this status to a much smaller number of refugees. The dynamics of their numbers between 1975 and 2006 is shown in Table 1.


\(^6\) [http://www.unhcr.osg/egi.bin/texis/basies/opendoc/].
sand in Serbia and Montenegro; 234 thousand in Georgia; 183 thousand in Bosnia and Herzegovina, and 142 thousand in the Russian Federation.7

According to Russian demographer V. Mukomel, “starting in the late 1980s, six regional wars have taken place in the former Soviet territory. These were armed conflicts that involved regular troops and heavy weapons (the conflicts in Karabakh, Abkhazia, Tajikistan, South Ossetia, Transnistria, and Chechnia). There were also 20 smaller armed clashes that caused a loss of life among civilians (the largest of them took place in Ferghana, Osh, and between the Ossets and Ingushes), and more than 100 conflicts in which arms were not used, but which can be described as state, ethnic, confessional, or clan conflicts. The areas where regional wars, ethnic clashes, and pogroms took place were home for no less than 10 million.

“These conflicts produced about 2.4 million compulsory migrants (714 thousand in Russia; 855 thousand in Azerbaijan; 396 thousand in Armenia; and 287 thousand in Georgia). At least five million had to leave the territories of ethnopolitical and regional conflicts in haste.”8

<table>
<thead>
<tr>
<th>Territory of conflict</th>
<th>Left places of residence (total)</th>
<th>Migrated to far abroad</th>
<th>Migrated to CIS countries</th>
<th>Of them acquired the status of refugee and forced migrant</th>
<th>Became IDP</th>
<th>Returned to places of permanent residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>533</td>
<td>39</td>
<td>422</td>
<td>204</td>
<td>72</td>
<td>—</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>1,484</td>
<td>32</td>
<td>843</td>
<td>438</td>
<td>609</td>
<td>over 50</td>
</tr>
<tr>
<td>Georgia</td>
<td>653</td>
<td>—</td>
<td>371</td>
<td>132</td>
<td>282</td>
<td>39</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>105</td>
<td>32</td>
<td>73</td>
<td>1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Moldova</td>
<td>136</td>
<td>7</td>
<td>78</td>
<td>11</td>
<td>51</td>
<td>—</td>
</tr>
<tr>
<td>Russia (Chechnia)</td>
<td>over 750</td>
<td>—</td>
<td></td>
<td></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Russia (North Ossetia)</td>
<td></td>
<td></td>
<td></td>
<td>9</td>
<td>720,500</td>
<td>102</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>970</td>
<td>88</td>
<td>382</td>
<td>222</td>
<td>—</td>
<td>over 500</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>240</td>
<td>52</td>
<td>188</td>
<td>4</td>
<td>—</td>
<td>920</td>
</tr>
<tr>
<td>Total</td>
<td>over 4,871</td>
<td>250</td>
<td>2,357</td>
<td>1,021</td>
<td>2,234</td>
<td>over 1,610</td>
</tr>
</tbody>
</table>

Table 2

Number of People Who Left Places of Permanent Residence in Conflict Zones in 1991-1996 (thou.)

1 Ibidem.

9 Ibidem.
The Central Caucasus paid dearly for its quest for the road to independence under the conditions of the totalitarian regime that prevailed in national relations. Table 3 gives an idea of the number of migrants of these countries who, at different times, had to leave their places of residence because of combat action and shows the structure of migration.

*Table 3*

**Age and Gender Structure of Migrants in the Central Caucasian Countries**

<table>
<thead>
<tr>
<th>Age Structure</th>
<th>Georgia</th>
<th>Armenia</th>
<th>Azerbaijan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>282.0</td>
<td>213.7</td>
<td>877.7</td>
</tr>
<tr>
<td>Men</td>
<td>113.0</td>
<td>103.4</td>
<td>394.8</td>
</tr>
<tr>
<td>Women</td>
<td>169.0</td>
<td>110.3</td>
<td>482.9</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Infants and small children (0-5)</td>
<td>30.5</td>
<td>10.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Older children and teenagers (6-15)</td>
<td>59.8</td>
<td>21.2</td>
<td>16.1</td>
</tr>
<tr>
<td>Young people (16-39)</td>
<td>110.0</td>
<td>39.0</td>
<td>36.7</td>
</tr>
<tr>
<td>Adults (40-59)</td>
<td>57.0</td>
<td>20.2</td>
<td>22.1</td>
</tr>
<tr>
<td>Senior citizens (60+)</td>
<td>24.3</td>
<td>8.6</td>
<td>15.2</td>
</tr>
<tr>
<td>Share of refugees in society</td>
<td>5.3</td>
<td>5.7</td>
<td>11.9</td>
</tr>
</tbody>
</table>

It should be said that different sources cite widely different numbers of refugees, which makes it next to impossible to establish the exact number. Between 1988 and early 1990, Azeris were forced from Armenia and Nagorno-Karabakh; in mid-1992, the conflict spread to other regions of Azerbaijan that bordered on Armenia, which caused another flow of refugees. About 900,000 Azeris, "nearly one-eighth of the population," became forced migrants and refugees who had to leave Armenia. In

10 See: “Nishcheta, deti i sotsial’naia politika: put’ v bolee sveloie budushchee.”
1993, there were over 200,000 displaced persons in Armenia; later a larger part of them left for Russia, Ukraine, and America.\textsuperscript{11}

In Georgia, political and later military conflicts were very specific: aggressive separatism gradually developed in the South Osset Autonomous Region and the Autonomous Republic of Abkhazia, contrary to widespread sentiments. This allowed the so-called national leaders to realize their ambitious interests. The deliberately provoked wave of nationalism and confrontation produced, as I have written above, 234,000 forced migrants-refugees.

Conclusion

In the 21st century, the refugee problem remains one of the most painful issues in many countries of the world; it is in fact of an international nature. This means that the academic community and political circles of the world should provide clearer definitions of the terms related to the forced migration processes caused by socioeconomic and military-political factors. This will make it easier to adequately identify what should be done to settle all the problems of migrants, irrespective of the motives that caused migration, and to coordinate international and national efforts in this sphere.

\textsuperscript{11} Ibid., p. 18.

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GLOBALIZATION AND ECONOMIC THEORY

Abstract

This article examines the origin of economic theory, analyzes the distinctive paradigms underlying economics as a branch of science that is more concerned with the quantitative side of the market economy, and explains the similarities and differences between economics and economic theory. In the author’s opinion, this will help to develop the economic (and not only economic) world view of the Caucasian peoples, who are facing difficult problems, and will promote a more scientific approach to the processes generated by globalization.
Introduction

Special attention in this article is paid to the formation of civil society and a social market economy, a task set before economic theory by current transformation processes caused by globalization. At the same time, the events of the last decade of the 20th century—the collapse of the communist system, with many countries (including the republics of the Caucasus) taking a new path of development—created totally new problems which had to be explored and analyzed. In addition, the process of creating a global economy required an ability to develop strategy and chart the future course of events, and this is an area where economic theory plays a special role.

The Place and Role of Economic Theory in Creating a Global Economy

In the final third of the 18th century, economic theory developed (especially due to the English classical school) into a system of knowledge about the economic foundations of society. Later on, it provided a methodological basis for all economic disciplines that emerged through the diversification of economic science and came to play the main role in explaining socioeconomic processes and phenomena. The categories and concepts developed by economic theory and the patterns and regularities it revealed laid the groundwork for functional and sectoral economic sciences.

With the development of capitalism, economic theory was enriched with new concepts, schools and avenues of research. Nevertheless, classical liberal theory was the priority trend in economic science and the basis of economic policy in the leading capitalist countries until the 1930s. The economic scene in that period was dominated by microeconomic paradigms and the individualistic concept of public welfare, which focused attention on the individual firm and on the problems of minimizing its costs and maximizing its benefits.

The “Keynesian Revolution” as an echo of the world economic crisis of 1929-1933 triggered significant changes in the economy of the major capitalist countries, which accelerated the transition of capitalism to a new qualitative state and the creation of a new economic system in the form of a market economy. That is why many well-known economists in the world regard The General Theory of Employment, Interest and Money by John Maynard Keynes as a turning point in economic theory and in the economic policy of the major capitalist countries.

The economic system pivoted on private property gave way to a system based on plurality of ownership where the market remained the determining factor. The Keynesian model of macroeconomic management based on demand theory pushed aside the “Smithian” concept, which until then had dominated economic theory and economic policy in the major capitalist countries. Such radical changes in economic science and practice created a market with a totally different content than in previous economic systems, where it played a relatively secondary role while priority was given to economic relations: first slave-owning (between the slave owner and the slave), then feudal (between the feudal lord and the serf), and finally capitalist (between the capitalist and the wage worker). Nor do we exclude the 70-year “socialist experiment,” where the market was also in evidence, though based on different paradigms. But here as well it was pushed into the background: so-called socialist relations of production based on the political economy of socialism were decisive.

In the modern economy, where the state is no longer a “night watchman” but a macroeconomic regulator, it is the market based on plurality of ownership that provides the foundation for new economic relations.
Hence the new tasks facing economic theory. In order to study the operation of the existing economy, which has a totally new content, it is necessary to use new tools. In the 16th edition of *Economics* (1998), Paul A. Samuelson notes that when his textbook first appeared in 1948 the way had already been paved for depicting the revolutionary changes that had occurred in the economy. A new generation of students demanded explanations for current economic phenomena, but even the most popular economics textbooks were outdated, which was evident in lecture halls filled with bored students.¹

One can say that market relations “removed the stigma” from capitalism, establishing plurality of ownership instead of the rule of capitalist private property. It was these radical changes in property relations coupled with government regulation of the economy that for the first time in mankind’s history turned the market into an effective economic mechanism. Such a market is a phenomenon which covers the entire reproduction process, creates an effective system of employee motivation and gives more scope for business activity. By developing horizontal ties, it rules out administrative interference in pricing and allocation of resources (thereby significantly simplifying the vertical hierarchical structure), discourages the use of economically inefficient structures and obsolete technologies, does not produce standard products or provide ineffective services, and brings public and private interests closer together, sometimes even to the point of their identity, which ultimately affects economic growth in the country. It should also be taken into account that although the market is the key to an efficient economy, it has certain intrinsic defects and shortcomings. Consequently, it cannot resolve many of our everyday problems. Market competition is known to provoke inequitable income distribution and sharp material inequality. The market cannot protect the environment, resolve problems associated with natural disasters, reduce unemployment to its natural rate, prevent inflation or economic crises, etc.

It should be noted that the ongoing formation of civil society brings to the fore the social function of the economy, which basically does not interest the market but without which its principles cannot be implemented.

The need to explain and analyze these highly complicated processes called for new economic thinking and a creative approach. Economic theory, which certainly became “the Queen of the Social Sciences” (Samuelson), was faced with new challenges.

As we know, the 1974-1975 economic crisis, the severest one since the 1930s, created favorable conditions for a revival of the theory of minimal government (a “minimal state”). The focus shifted from dynamic equilibrium problem to factors determining the potential growth rate, to problems associated with efficient use of resources and with estimating the potential level of production. There was growing criticism of the Keynesian model of economic growth and a revival of the ideas of neoclassical theory, which found practical application in the economic policy of developed Western countries. The main propositions of supply-side theory and monetarism were reflected in the policy of U.S. President Ronald Reagan, which became known as Reaganomics, and Margaret Thatcher in Britain (Thatcherism).

Fundamental adjustments to Keynesian theory and to the policy of government regulation of the market economy based on a “two-handed” strategy (a combination of significant elements of both the Keynesian and the neoclassical approaches in relations between the state and the market) have influenced economic theory since the 1990s. There is a new school of thought, the “neoclassical synthesis,” which currently underlies economic policy in the developed countries.

So, economic theory, which arose in the days of mercantilism and matured in the period of physiocracy, had its origins in English classical political economy and developed with the emergence of new trends of thought, traveling a very difficult and interesting road of evolution. Its growing use promoted and, in a sense, accelerated the transition of industrial society to a higher historical stage:

the post-industrial era. Attention was focused on the creation of a new social community. This circumstance, which brought social interests to the fore, enhanced the potential of contemporary society and accelerated the humanization process. The state acquired the features of a “welfare state.” The order of the day was the formation of a civil society and a social market economy (and not a socially oriented one, which already existed in the developed countries). This was a step forward in establishing a new social order, and economic theory as a science dealing with the economic development of society once again encountered new problems. All the more so since the fast-moving phenomena and processes of the last decade of the 20th century (disintegration of the world socialist system, collapse of the communist regime, attainment of independence by many countries and choice of a new path of development) compelled economic theory to make a theoretical study of totally new problems whose solution goes beyond the limits of classical schemes developed by economic science throughout its history.2

We share the opinion expressed in economic literature that modern economic science cannot give a theoretically valid and exhaustive answer to many urgent questions of transition to a market economy as long as there is no economic theory of such transition.3 In the current conditions of rapid economic globalization, it is also very important to analyze the economic development of today’s society, determine its prospects and formulate an appropriate strategy. With the aid of such analysis and a search for ways to resolve these and other problems, economic theory will continue to be enriched with new ideas and schools of thought, helping to accelerate social progress.

### Economics: Is It a Substitute for Economic Theory?

Since the second half of the 20th century, especially since the 1960s and 1970s, the diversification, intensity and scale of the processes at work in the world economy led to the spin-off from economic theory of economics, international economics and public economics in the form of separate disciplines, a phenomenon we regard as quite natural. In the context of current realities, a study of these disciplines does not fit into the framework of economic theory. Economics, which emerged and developed in the light of the formation and progress of the market economy, gained wide currency in the second half of the 20th century. Economics is a science which studies how society chooses to employ limited economic resources that can have alternative uses to produce various goods and services required to meet its unlimited needs. It is theory oriented towards practice, a synthesis of market economy theory and practice.

Although economics relies on laws formulated by economic theory, it differs from the latter in its way of looking at the world and implies a paradigm shift, basing its analysis of economic phenomena and processes on the study of limited resources alone. In order to achieve the set goal, economics uses an alternative choice as an optimal tool. Economic theory, as the very heart of all economic sciences, as their methodological basis, is not confined to the framework of a single economic system. It studies the economic patterns of change in different epochs and global problems facing the whole of mankind, the sequence and specific features of society’s economic development, economic laws and basic causal relationships between economic phenomena and processes in various economic systems;

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it reveals general patterns and regularities, using them to set strategic guidelines for society’s development and to provide an objective scientific validation of the functioning of the economy. Economic theory integrates all of this into a single system.

The purpose of economics is not a study of society’s economic development as a whole, because economics is part of a single system. It is a science studying functional relations in the market economy, whereas economic theory studies organic relations in the economy.

Economics contents itself with a superficial analysis of economic development without exploring the inner essence of economic phenomena (which is exactly why it does not consider property relations) or the reasons for the social stratification of society, while economic theory studies these very problems.

Economics focuses on utilitarian objectives, and economic theory, on theoretical and methodological matters. For example, one of the main tasks of economics is to study and resolve the problem of proper medical care for each citizen in the conditions of limited resources and rapidly growing national income in the United States. Such concrete matters are not a subject of investigation for economic theory.

Economics is more concerned with quantitative analysis, and economic theory, with qualitative analysis. Economics makes wide use of econometric analysis, which cannot be said of economic theory. The latter is oriented toward cognition, seeking to get to the root of economic phenomena and to establish causal relationships, whereas the main goal of economics is to formulate practical recommendations for managing the economy. As we know, economic theory is not a book of recipes to be used in economic practice, but an intellectual tool, a thinking technique helping all those who have mastered it to draw correct conclusions.

We share the opinion that “modern economics is a set of theories advanced by different authors, each of which, taken separately, tries to reflect a certain fragment of economic reality.” Economics is an aggregate of separate fragments of economic reality and corresponding theories, which it peaces together to obtain a general picture of the economy. Economic theory, on the contrary, uses the aggregate to depict various fragments of economic reality.

Economics views production development problems from the perspective of costs and benefits, whereas economic theory analyzes the forms of historical development of social production. It can be said that economics avoids a comparative analysis of economic systems, studying the economic mechanism of a single economic system. As for economic theory, one of its avenues of research is a comparative analysis of economic systems (comparativism), which results in institutional theories (theories of convergence, industrial and post-industrial society, etc.).

Economic theory is concerned with the social dimension of production, with relations arising in the process of production rather than with people’s concrete economic activity in its superficial form. The social dimension of production (appearing as the social form of production) in different periods and in different geographic conditions spurs the development of various factors of production, which ultimately has an effect on economic systems. All of this is regulated by economic laws, which is why the objectives of economic theory are as follows: to investigate economic relations between people, to study the root causes of an existing phenomenon, and to try to understand the inner workings of the economy.

Economics regards ownership as people’s dependence on objects, and economic theory, as relations between people arising from the appropriation of resources and of the goods created due to this.

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4 See: P.A. Samuelson, W.D. Nordhaus, op. cit.
5 Mathematical models used to explain economic phenomena and processes independently of “pure” theory cannot represent reality.
7 Comparativism was founded by L. Reynolds, P. Knirsch, and others. It gained wide currency in the U.S., Germany, Austria, Norway and other countries in the 1920s and 1930s.
Economic theory is a bridge between the past and the future. It studies the historical prerequisites for an economic phenomenon, helps to generate trends, and charts the course of economic development. This is exactly why the subjects of investigation of economic theory and economics are the same, but are seen from different angles.

As regards political economy, in current Western literature this term is taken to mean the study of political factors which influence the economic policy of the state. The “new political economy” studies the patterns of interaction between politics and the economy as the basis for the latter’s successful development. That is why we think it is not right today to call economic theory political economy, as some authors suggest. The fact that this term was coined in the 17th century and took particularly deep root in Marxist political economy, which analyzed classical capitalism (something that a century later Marxists turned into a dogma), while the latter was associated with Lenin’s theory of imperialism and the “collection of recommendations” of artificially created, unrealistic (Soviet) socialism far removed from Marxist ideology—all of this entitles us to separate economic theory from political economy.

Whereas economic theory in the narrow sense of the term is a theory reflecting a certain line of investigation of economic phenomena and processes, in the broad sense it is a general theory of economic development which studies all areas of economic research, as well as the laws and patterns of production and distribution of tangible and intangible goods. Its leitmotif is an analysis of the behavior of businesses, households and authorities under alternative uses of limited resources with the emergence and development of society, a search for ways of their effective use in today’s economy (at micro, meso, macro and mega levels), and selection of optimal alternatives.

Economic theory fosters an economic world view. Without such a world view one cannot study other economic disciplines and, as a result, it is impossible to train highly skilled economists (and not only economists). As regards an identification of economic theory with economics or its replacement by economics, we think this in unjustified. We believe it is more appropriate to teach both disciplines at higher education institutions, as is done in many Western countries.

Attention should also be paid, in our opinion, to yet another question. As we know, the subject matter of Marxist political economy was a study of the development patterns of production relations. They are a Marxist category which, in contrast to economic relations, contains a dominant form of ownership, and the latter determines the position of classes in production, their mutual relations and the forms of product distribution. Such relations, which emerged in the process of production, distribution, exchange and consumption, existed at any stage of society’s development, including the administrative-command system, i.e., under state-monopoly socialism, prior to the formation of a market economy. And the market economy rules out the domination of any form of ownership whatsoever (at least in theory and law). As noted above, it rests on plurality of ownership, which is why there is no division into classes within it, while economic relations are a category with a different content.

As regards relations of production, one should think that the use of this term in studying current economic phenomena and processes is unscientific. That is why it is not used in contemporary Western literature and should not be used in the economic literature of the post-Soviet countries (including Georgia) either.

As we known, one of the methods of investigation used by economic theory is the dialectical method, which is based, for its part, on such methods as analysis and synthesis, induction and deduction, unity of the historical and the logical, from the simple to the complex, from the abstract to the concrete, and from the general to the specific. On their basis, Karl Marx in his *Capital* analyzed the

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Economic phenomena and processes of 19th century capitalism. In the 20th century, there was no systems analysis of this kind (economics is incapable of performing it), but in the new millennium such an analysis is absolutely necessary, because it will provide the basis for a theoretical system reflecting the economy of the 21st century. At the same time, it is also necessary to take into account the problems of the national economy and its theoretical generalization. Economic theory is not a cosmopolitan science, and the need to include in it the national factor as the dominant one is dictated by current realities.

**Economic Theory and Some Aspects of the National Economy**

As the current transition period in Georgia (and elsewhere) shows, the solution of economic problems according to the prescriptions of Western economists (or politicians) has not produced the required results. The view that economic policy successfully implemented in one country will be equally successful in another has also proved to be wrong, just as the idea that one and the same model of economic reforms is acceptable to all states. Liberation from various forms of colonial oppression and optimal reforms produced real positive results only in some countries.

Today, the United States as the world leader poses the following question to both developing and "misdeveloped" (i.e., post-communist) countries: if you want to join the global economy and to become stable and developed countries, you must carry out market reforms on the terms and according to the models we propose. At the same time, since the 1960s intensive globalization has entailed a sharp increase in income inequality between the world’s richest and poorest countries. Whereas in 1960 the top 20% of the world’s population living in the richest countries received 30 times more income than the bottom 20% living in the poorest countries, by 1990 the gap increased to 60 times, and in 1997, to 74 times. In 2002, the income of the richest 5% of the world’s population was 114 times higher than the income of the poorest 5%; and the 25 million richest Americans had as much income as almost 2 billion of the world’s poorest people. At present, the richest countries have over 80% of the world’s gross domestic product, etc. 11 Paradoxically, the developed countries, which currently pursue a protectionist policy, strongly resist the attempts of the developing countries to follow their example. Exports from developing to developed countries are mostly subject to "peak tariffs" (almost 15%). For example, Bangladesh annually exports about $2.4 billion worth of products to the United States and pays 14% in tariffs, while France exports more than $30 billion and pays 1% in tariffs. 12 Georgia, among others, has not pursued a protectionist policy, and this has had an adverse effect on the development of the national economy.

In order to improve our living conditions, we should try to understand the economic phenomena and processes underway both in Georgia and in the whole Caucasus and the Third World in general, to explain the causal relationships between them, develop new concepts and paradigms, and make theoretical generalizations, all of which should be reflected in the country’s economic policy. Unless we do this, decisions instead of us will be taken by a small group of foreign experts.

In Georgia (as in the whole Caucasus and in all post-Soviet republics), the market economy has been built in the same manner as socialism (developed socialism at that) or communism. If we assess

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12 See: Ibid., pp. 155-156.
this period as a whole, we can draw the following conclusion: the construction of a civil society in Georgia has come under threat, and the implementation of market principles remains at the level of propaganda.\textsuperscript{13}

It is no accident that at the beginning of this article we looked at the origin of economic theory, which clearly shows the role of this science in economic policy. There is no Western country where effective economic growth got underway without the implementation of Keynes’s theory. After all, it is concerned with analyzing an economy in crisis and explains the causes of unemployment; on this basis, it suggests ways of pulling the country out of this grave social situation. The Keynesian multiplier effect was taken into account in the economic policy of many countries. So why is it that in the past 16 years the government of independent Georgia has not taken it into account? Nonacceptance of this “world miracle” entailed an alienation of most of the native population from property and business activity; a sharp rise in unemployment and poverty levels; and budget deficit coverage first by amounts transferred from the national bank and then out of proceeds from the sale of national assets, mostly to foreigners. This, for its part, provoked a worsening of the demographic situation and a rise in crime, resulting in prisons crowded with inmates, including juvenile delinquents, violations of human rights, etc. An erroneous economic policy put a significant part of the Georgian population in a difficult position, although this small country has a large potential and unique natural resources. But because of undeveloped economic relations it is among the lowest-ranking countries in terms of competitive advantages.

In this situation, in the process of economic reform in the Caucasus (and elsewhere) it is highly important to overcome the nihilistic attitude to economic theory and include this subject in college and university curricula. This will contribute to a proper understanding of the globalization process, promote a scientific approach to the formation of a global economy at the present stage of civilization, and help to formulate valid conclusions, which will ultimately make it possible to prevent unforeseen consequences.

**Conclusion**

Globalization does not guarantee, but only creates opportunities for development,\textsuperscript{14} whose use primarily depends on world politics and only then on each particular country. That is why in the optimal realization of the benefits gained from globalization a significant role is played by economic thinking, in whose formation a special function is assigned to economic theory. Moreover, economic theory, as a science, from its emergence to the present day has provided the basis for the economic policy of developed states. Our historical excursion shows that this is a strict requirement. One of the main reasons for the failure suffered by other countries (including Georgia) is that in these countries this objective requirement either takes a distorted form or is not observed in practice; in addition, economic theory plays an inadequate role in building a new world order and civil society.


Daghestan is primarily distinguished among the Russian regions by its rural type of population settlement. The statistics show that 57.1% of Daghestan’s population lives in rural areas, while this figure constitutes 26.7% throughout Russia as a whole, and 44.5% in the Northern Caucasus. The only region of the Russian Federation that is more rural than Daghestan is the Republic of Altai and several northern autonomous districts with small populations. Today, Daghestan’s rural population settlement system is transforming sporadically and requires scientific correction taking into account the need to optimize natural-economic relations and raise the population’s standard of living.

Daghestan’s altitudinal zonality, which differentiates population dispersal into two zones—highland and lowland, is usually considered the main natural factor in the evolution of its rural population settlement. Most of Daghestan (56%) is occupied by mountains, while the rest of its territory (44%) consists of flatland. The absolute altitudes in Daghestan fluctuate from between 26 meters below sea level (the present-day coast of the Caspian Sea) to 4,466 m above sea level (Bazardiuz Mountain). The republic’s mountainous part is characterized by frequent and large variations in altitude, a difference of thousands of meters in some places—the grandiose Sulak Canyon is one of the deepest in the world. Such variations in altitude in the mountainous littoral region give rise to an exceptionally high diversity in the republic’s landscape. Its lowland is represented by flat plains where elevation changes are no greater than 80 m.

This article takes a look at the main prerequisites and conditions for developing Daghestan’s rural population settlement system in the post-Soviet period. The author based his analysis on the statistics of the last two population censuses of 1989 and 2002.

Rivers and river basins have had a noticeable impact on the configuration of the network of both highland and lowland settlements. Sources of underground water play an important role in the settlement of Daghestan’s arid northern regions. In the 20th century, as oil and gas exploration was carried out in the Caspian Lowland, numerous wells were drilled which were subsequently used as artesian sources of fresh water. A large number of free-range livestock breeding settlements arose next to them. These are known as kutans, where the families of shepherds who have households in the mountains live seasonally or all year round.

The size of population settlements in the Country of Mountains often depends on the area of garden plots suitable for farming. So the largest rural settlements are currently concentrated in the republic’s lowland.

Dangerous natural processes, such as earthquakes, landslides, mudflows, mountain avalanches, flooding and submergence of sea coasts, erosion and destruction of riverbanks, and so on, which at times noticeably complicate people’s lives and work, have a noticeable influence on the population settlement in Daghestan. They often curb the growth of and at times also destroy the local settlement systems. For example, as a result of the powerful earthquake on 14 May, 1970, villages in the Kumtorkala District were completely or partially destroyed. Subsequently, the Soviet state allotted funds to build the large new village of Kumtorkala.

Another example is the rapid rise in the level of the Caspian Sea (over a span of twenty years, beginning in 1978, it rose by 2.5 m), which led to the flooding and submergence of littoral settlements in the northern lowlands of Daghestan. The village of Ostrov Chechen has suffered the greatest damage from the sea’s transgression. At the beginning of the 1990s, the residents of this village were resettled in new high-rise apartment buildings in Makhachkala.3

Settlement of the population at high altitudes has changed at different times in history. In the past decades, three very important shifts in settlement trends have manifested themselves: a) territorially, the number of rural settlements and residents living at altitudes higher than 1,500 m above sea level is rapidly decreasing, and networks of settlements are evolving much more actively in the lowland than in the mountains; b) the percentage of the urban population is steadily growing, while the number of rural residents is declining; c) and the size of the population of administrative centers is on the rise, primarily in the republic’s capital of Makhachkala. The main reason for these changes is the relative improvement in the socioeconomic standard of living: first, in the lowlands compared to the mountains, and second, in the cities compared to the villages.

According to our estimates based on the statistics of the last all-Russian population census in 2002, 2.8% of the republic’s entire rural population lives at altitudes higher than 2,000 m above sea level, and 13.4% at altitudes of between 1,500 and 2,000 m.4 Since Soviet times, these areas have been equated with Russia’s northern regions: salaries are increasing by 20% and 15%, respectively. The entire population of the Agul, 95.6% of the Kuli, 88.4% of the Lakh, more than 70% of the Khavkhah, Tliarata, Tsumada, and Charoda, and more than 50% of the Gumbet, Rutul, and Shamil districts live in the high altitude zone.

Ethnogeographic Factors

The nationalities of Daghestan are historically dispersed as follows: Nogais live in the north, Kumyks and Tabasaranans in the Caspian Lowland and foothills, Dargins, Lakhs, and Avars in the cen-
tral region, and Tsakhurs, Rutuls, Lezghians, and Aguls in the basins of the Samur and Giulgerychai rivers. Numerically small ethnic groups which are closely related to the Avars mainly occupy the high mountainous areas. The fact that Azeris have deep historical roots in Daghestan is shown by the fact that they live in the rural areas of the republic’s south (mainly in the Derbent District), where the anthropogenic landscape and way of life of the local people are embellished by the ethnic culture and spiritual traditions of the Azeri people. Urban Azeri dwellers mainly live in Derbent and Dagestan-skie Ogni, where they comprise approximately one third of the population. Most Russians live in the lowland of the Terek delta and in the Kizilair and Tarum districts, although many also reside in the republic’s cities. Chechen-Aukhovs or Akkins live compactly in the foothills of the Novolakskoe District and the lowland of the Khasaviurt District.

In addition to the indicated nationalities, Tats have been living in Daghestan from time immemorial, who are said to have come from Persian migrants since as early as the pre-Islamic times. They mainly live in the mountains and in Derbent, as well as in the village of Majalis. In the past two decades, the number of Tats, like the mountain Jews, in Daghestan has dramatically decreased due to their emigration.

Before the October Revolution of 1917, the Daghestani population mainly formed from indigenous ethnic groups. During the years of socialism-building in the republic, the Russian diaspora grew more dynamically. When the northern plains (the Nogai, Kizilair, and Tarum districts) with places of compact Russian (Lower Terek Cossacks) residence were joined to the Daghestani A.S.S.R. in 1922, this gave reason for incorporating the Russian population into several of the indigenous ethnic groups of this republic.

During industrialization and the cultural revolution in the Soviet Union, there was mass migration of young Russians to the country’s southern national peripheries, including Daghestan. As a result, according to the results of the 1959 census, Russians were in second place in terms of numbers among the Daghestani nationalities (20%), yielding only slightly to the Avars. Since the 1960s, there has been an outflow of Russians, which was slow until 1970 and then gained in momentum. The number of Russians at the beginning of 1999 was 30% less than in 1959.5

On the contrary, the actual number of Daghestani or titular nationalities, i.e. those enjoying an “unofficial-privileged” ethnopolitical status in the republic, rose very quickly, primarily as a result of the high natural increment in the population. In the period between the censuses of 1959 and 2002, the size of most of Daghestan’s titular nationalities increased between 2.2- and 2.8-fold. Whereas in 1959, the non-titular indigenous ethnic groups accounted for approximately one third of the republic’s population, by 2002 this figure was approximately 9%. In this way, the national composition of the Daghestan population rapidly approached the state it was in at the beginning of the 20th century.

The titular ethnic groups of Daghestan actively spread throughout the whole of the U.S.S.R. and now Russia. In 1959, 21% of its titular ethnic groups lived beyond Daghestan on Soviet territory. Between 1959 and 2002, the size of these ethnic groups in Daghestan doubled, whereas in the rest of the Soviet Union, they increased three-fold, including five-fold in Russia. This was not so much due to the high birth rate among the Daghestanis, as to their migration outflow beyond the republic, primarily to the neighboring regions of Russia’s South.

The migration losses among the titular ethnic groups amounted to a total of 170,000 people during the period under review, or to approximately 15% of the residents of the Country of Mountains. This is only a little less than the loss in number of Russians, who constituted 22% during this period. So demographic pressure squeezed not only the incoming, but also the indigenous population from Daghestan.6

5 See: Demograficheskiy ezhegodnik. 2002 god.
An analysis of the evolutionary trends of mountain settlement during the period between 1959 and 2002 showed that they retained the main features established by K.P. Sergeeva for the previous ten-year period from 1959 to 1969: an axle vector of movement from top to bottom, to villages and towns in the lowlands, and accelerated depopulation of small rural population settlements. In so doing, the lowlands play the role of melting pot in Daghestan’s ethnic structure by intensifying the general Daghestanian identity of its nationalities. As many sociological surveys have shown, the self-identification “I am a Daghestanian,” compared to “I am an Avar,” “I am a Kumyk,” “I am a Lezghian,” etc., is more characteristic of the residents of population settlements located in the lowlands than of Daghestan’s highland population. In the lowlands, the location of a rural area relative to some city center is still the determining factor in the dynamics of rural population settlement: the closer it is to such a center, the more active the growth of the rural population. Under highland conditions, on the other hand, the influence of this factor is much weaker. But with the development of transport and roads in the mountains, the influence of the Daghestani cities on mountain rural population settlement is growing.

Two main ethno-geographic trends are characteristic of the ethnocultural identification of the Daghestanian population during the restructuring period. On the one hand, under conditions of traditional fine networking of Daghestan’s administrative-territorial structure (the republic consists of 41 rural municipal districts, see Fig. 1), the trend toward not only economic, but also ethnopolitical isolation of many rural districts was revealed, particularly those in the mountains. Each district espouses the interests of a specific ethnic community. In many of the administrative structures in these districts, office work and socialization among workers is carried out exclusively in the language of the predominant ethnic group. This is posing a certain danger to the republic’s ethnopolitical development. The changes on the land market and inter-district redistribution of budget funds are particularly symptomatic in this respect. On the other hand, many settlements with a polyethnic structure are forming in the lowlands and foothills. In some cases, the ethno-settlement structure is a disorderly mixture of farmsteads, the owners of which belong to different nationalities, while in others, ethnically separate districts arise.

In the republic’s far north, in the historical homeland of the Nogai ethnic group, there are many villages with Nogai-Kumyk-Avar and Nogai-Avar-Dargin ethnic structures. In the Tarum and Kizliar districts populated largely by Russians, most of the villages currently have a Russian-Avar-Nogai, Russian-Kumyk-Dargin, Lakh-Dargin-Avar, and other composition.

The Babaiurt District is Daghestan’s main granary, where numerous villages and large kutans with extremely diverse ethnic compositions arose as a result of the planned resettlement of highland residents to the lowlands carried out in Soviet times. There are villages there with Kumyk-Russian-Lezghian, Kumyk-Rutul, and Lezghian-Tsakhur districts. As in the Khasaviurt District, beginning in the 1990s, many ethnically mixed settlements began to arise with the inevitable presence of representatives of the Chechen nationality.

In the piedmont Buinaksk District, Kumyk-Avar and Kumyk-Dargin settlements traditionally form. In this same piedmont zone in the Karabudakhkent, Kayakent, Levashi, and Kaytag districts, many villages arose in the 20th century with a Kumyk-Dargin, Dargin-Avar-Kumyk, and Dargin-Lakh national composition.

It is generally difficult to find any mono-ethnic settlements today in the lowlands and highlands of South Daghestan, particularly in the border zone with Azerbaijan. Russian, Kumyk, Avar, and Dargin components have become common during the past century in the Lezghian-Azerbaijani and Tabasaran-Tat structures of settlements characteristic of the southern areas of the littoral lowlands. In recent decades, an increase in the size of all the mountain ethnic groups of South Daghestan (Lezghians, Tsakhurs, Rutuls, Aguls, and Tabasarans) can be traced in this part of the littoral lowlands.

Dynamics of the Population Size in the Rural Districts of Daghestan between 1989 and 2002

Between 1989 and 2002, the density of the rural population underwent significant changes. It decreased in the Kuli District and remained essentially unchanged in the Tarum and Charoda districts (see Fig. 1). At present, the highest population density is in the districts bordering on the Chechen Republic—the Novolakskoe (102 people/km), Khasaviurt (83), and Kiziliurt (109) districts, where demographic growth is caused, first, by the high birth rate and, second, by the active immigration from the economically depressed high altitude areas and from beyond the republic. Other areas of attraction for migrants from the mountains, as well as for compulsory migrants from beyond the republic from among the nationalities of South Daghestan (Lezghians, Tabasarans, and so on) are the Magarmkent (79 people/km), Suleiman-Stalskiy (70), and particularly the Derbent (98) districts. In these districts during the reform years, the population density increased approximately 1.5-2-fold in the same way as in the above-mentioned group of western districts of the republic. The main factors of such high dynamics were the natural population increment and positive migration balance, including compulsory, from the new Central Asian states and remote regions of Russia.

The Botlikh and Untsukul districts are mountainous territories characterized by highest indices of demographic growth: between 1989 and 2002, the size of their population increased by 70%. This was largely promoted by geopolitical and economic factors. The extensive mountainous section of the border with the Chechen Republic is part of the Botlikh District.

Under Daghestan’s conditions, the settlement enlargement policy had both positive and negative consequences. It had its own logic: it was easier to provide the residents of large settlements with a relatively higher level of servicing. Large investments were required for building roads and bridges and laying power transmission and telephone lines to the small mountain villages. What is more, industrialization in the country was oriented toward agricultural machine-building which ensured efficient labor primarily under conditions of large-network farming. However, auls with small populations are more expedient for the mountainous zone of the republic taking into account the local production, ethno-cultural, and environmental factors. In the mountains, land plots, which are finely networked and often terraced, largely belong to individual families and tukhums. So a small number of people are required for their upkeep. Small areas of cultivated land and hayfields and the absence of winter pastures limit the potential of the highlands to provide people with labor and food.

Some of the rural settlements have been absorbed by towns, and some have been transformed into urban-type settlements. The absence of means required to cope with the consequences of natural disasters such as earthquakes, landslides, avalanches, and torrential flooding, etc. is also a reason for the reduction in number of rural settlements. As a result, in the present-day structure of rural population settlement, medium-sized settlements predominate in terms of number of residents—there are approximately 60% of them.

In so doing, small settlements (of up to 100 residents) stand out in terms of size among the Daghestani villages, which is not characteristic of other regions of the Northern Caucasus. But the average population of settlements has noticeably grown from 289 in 1926 to 818 people in 2002. For comparison, we will note that the average population of rural settlements, according to the 1989 census, amounted to 255 people throughout Russia as a whole, and to 667 people in Daghestan.

District centers play a special role in the rural settlement structure. They are support centers for mountain and partially foothill population settlement. In five of the 41 rural districts, a town performs the role of center, while in the other 36, rural settlements play this part. Rural administrative centers form an important link in the territorial organization of the Daghestani population. According to the last census in 2002, there are 700 of them in the republic. Along with the central farmsteads of the former state and collective farms, of which there are more than 700, they constitute the foundation of
rural settlement. New forms of production (farms, agricultural companies, joint-stock companies, and so on) are not yet having a noticeable influence on rural population settlement.

Along with auls, kutans are widespread at the sites where livestock is grazed. In the lowlands, as farming and the cattle breeding developed, many kutans turned into “branches” of the mountain villages, gradually acquiring the status of a settlement with the geographical name of mountain village, usually with the suffix “novo (new).” For example, the mountain settlement of Borch in the Rutul District in the lowland (in the Babaiurt District) was named Novoborch, and there is a host of such examples. The new railroad from Kiziliurt to Kizliar gave a boost to socioeconomic growth in areas along the axis of rural settlements located across the delta of the River Terek from the border with Kalmykia in the north to Kiziliurt in the south. The economic functions of some villages which recently became railway stations will increase in the future due to the building of transport service, carriage repair, lading-unlading, refrigeration-storage, elevator, and other enterprises.

In the northwestern part of mountainous Daghestan, a local system of rural settlement is forming with its center in the village of Botlikh. Its main axes stretch from Botlikh along the bed of the Andi Koisu up to the village of Agvali, down to the village of Mekhelta, and also up along the right-hand tributary of this river to the village of Karata. This network of settlements is compactly located within the boundaries of four of the republic’s rural districts—Botlikh, Tsumada, Akhvakh, and Gumbet. The Botlikh location of the rural settlements is essentially a branch of the Khasaviurt agglomeration.

The revival of industrial production (in the 1980s, a small industrial enterprise operated here that manufactured military production) could have turned this population point into a working settlement. In turn, reinforcement of the material-technical base of agriculture in the cluster of mountain villages under review will comprehensively promote economic activation and raise the standard of living of the highest altitude and most remote area in the basin of the Andi Koisu—the Tsunta District. It is obvious that the asphalted road being built, which will link the village of Botlikh with Buinaksk and Makhachkala, could assist in this.

In addition to the road from the Gimri junction to the west along the Andi Koisu, a shortened route is also being built to the more southerly rural locations of Central and Mountainous Daghestan with centers in the villages of Khunzakh, Khebda, Tliarata, and Bezhta, which will lead to a slowdown in migration from the mountain villages to the lowlands and help to stabilize the development of the mountain settlement system.

The motor road that crosses the border between the mountains and foothills through the villages of Levashi and Khajalmakhi has served as the main gates into Intermontane Daghestan for the past few decades now. The Levashi and neighboring Akusha districts are the most densely populated mountainous areas of the Caucasus. The transit function of these regions compared with the slopes of the mountain villages will continue to increase in the future too, particularly in the direction of the Karakoisu (Tsurib location of auls) and the Kazikumukh Koisu (location around the villages of Kumukh and Vachi) basins.

The social-geographic trends indicate that in the near future an urban-type settlement will grow in the very center of the Country of Mountains based on the present-day village of Levashi. Correspondingly, questions relating to the future industrialization of this population area must be preliminarily reviewed. The traditional vegetable-growing specialization of farming in the Levashi group of settlements will evidently leave its mark on the profile of the local processing complex. The groups of rural settlements in the southern part of the Daghestani foothills (the Dakhadaev, Tabasaran, and Khiv districts) are not in danger of depopulation either due to the high rates of natural population increment. The main problem of settlement development in the southern region of Daghestan relates to the formation of a large group of villages on the lower reaches of the Samur River. At present, residents from the highlands of the whole of South Daghestan are pouring into the Magaramkent and southern part of the Derbent districts. These are rural territories with the most favorable agroclimatic conditions in Daghestan.
The main flow of Southern Daghestani migrants from different regions of Russia, Kazakhstan, and Central Asia is also striving for these districts. New villages are appearing one after the other on the outskirts and in the very depths of a unique forest with typical subtropical vegetation in the Samur delta. The forest is being felled to make room for new residential areas, which has reduced the area to 26,700 hectares. In the recent past, the forests of the Daghestani part of the Samur delta covered more than 100,000 hectares. As the workers of the republic’s environmental services claim, in another 10-15 years, only memories could remain of the Samur forests. The valley of the Samur River is a convenient road to the high altitude areas of the Greater Caucasus Mountain Range. The sources of the Samur (the Rutul District) are an extremely picturesque area with a gentle climate and virgin forests, which are justifiably called Daghestani Switzerland. There can be no doubt that when the sociopolitical situation in the Caucasus stabilizes, new possibilities will open up for rural population settlement development in the valley of this and other rivers along tourist routes that cover the main natural landscape steps “littoral-foothill-middle altitude-high altitude,” beginning with the resorts on the Caspian and ending with camps for mountaineers on the glaciers of the Greater Caucasus Mountain Range.

At present, military communities and border posts are being built in Daghestan along the border with the Chechen Republic and state border with Georgia and Azerbaijan. This helped to strengthen the material-technical base and improve the situation on the labor market in several border villages of the republic. This construction was prompted by the need to set up new borders of the Russian Federation and is opening up great possibilities for developing social and production infrastructure in the remote areas of Daghestan (road building, gasification, erecting power transmission lines). Some border posts are also being enlarged at the expense of forest areas within specially protected natural preserves (the Samur National Park, Khamamatiurt and Guton reserves) or by developing intensively used farm land, which at times arouses a negative response among the local population.

The contemporary transformation processes have changed the social and ethnic palette of Daghestan’s rural settlement. Functional reconstruction of villages and active, largely chaotic housing construction is going on. Often such processes give rise to acute ethnopolitical conflicts. For example, a settled form of animal husbandry has been established in the past few years in several villages of Daghestan’s northern lowlands, which arose on the basis of temporary kutans belonging to farmsteads of the mountainous regions. The population in them is mainly growing due to highland residents, which is arousing a protest among the indigenous ethnic groups of the lowlands.

**Socioeconomic Problems and Prospects**

One of the main negative consequences of today’s economic reforms was the significant reduction in agrarian production in the republic due to the low demand and high net cost of agricultural produce and the lack of organization and distance to its sales markets. Liberalization of domestic and foreign trade entailed a price disparity in agricultural and industrial production. The situation was simultaneously aggravated by the events in the Chechen Republic and neighboring countries, which led to a breakdown in economic ties and Daghestan’s transport blockade. As a result, the volume of production in most of the republic’s industrial branches in the 1990s decreased 10-15-fold. Rug-making, which is traditional for the republic’s rural zone, also underwent a slump. Although private enterprises were characterized by much higher productivity than public enterprises, at the end of the century the collective farm-state farm system still prevailed in Daghestan. This hindered land reform. A reduction in the wine-growing areas due to the anti-alcohol campaign during the second half of the 1980s could not help but have an influence on the economy
Daghestan’s Socioeconomic Basin Zones

Daghestan’s Historical Regions:
I – Northern
II – Central
III – Southern

Basin Zones:
IA – Terek
IB – Aktash
IIA – Sulak
IIB – Gubden
IIIA – Ulluchai
IIIB – Samur
of the agrarian sphere. It became clear that the republic not only needed to preserve the existing areas, but also significantly increase them.

So, during the 1990s, stagnation was characteristic of essentially all the branches of Daghestan’s economy. As for the republic’s resort and tourist complex, which has great potential with respect to stimulating economic growth in rural areas, it proved to be in complete ruin after the collapse of the U.S.S.R. and particularly after the beginning of the combat action in the Caucasus.

Since the beginning of the new century, there have been signs of a shift in the negative trends. By 2007, Daghestan began to outstrip many constituencies of the Southern Federal District in terms of growth rates of the main economic indices. The network of roads is widening in the republic’s mountains, and its energy capacities are increasing: the large Irganai Hydropower Plant is being completed with turbine installations and several small hydropower stations are being built in the basins of the main Daghestani rivers, the Sulak and Samur.

Great hopes are being placed on the North-South transnational corridor through Daghestan, which is one of the main Eurasian transport arteries crossing the Caspian Region. The projects for building this corridor envisage access of the Caspian republics to the European markets (particularly by means of the Caspian-Volga-Baltic waterway), and in the long term, to the countries of the Persian Gulf through Iran. The predicted volume of shipments on the key sections of this corridor is estimated at approximately 10 million tons/year.\(^\text{10}\)

The development of the trans-Caspian trade route and assimilation of new raw hydrocarbon fields in the Russian and other sectors of the Caspian Sea will lead to the formation of a corresponding coastal infrastructure. The Makhachkala international sea port, which is already ferrying shipments of cargo going from the ports of Iran, Turkmenistan, and Kazakhstan, will be an important link in this transport chain. This is the only Russian port on the Caspian with a body of water that does not freeze in the winter. In so doing, it is believed that creating new production and transport facilities will serve as a significant source of funds for building up all of Daghestan’s littoral areas.

However, the development prospects of a transnational trade corridor through Daghestan should be viewed through the prism of economic growth not only in its littoral urbanized areas, but also in the republic’s mountainous rural zone. At present, a planned layout of interconnected development of the production systems of Daghestan’s littoral and mountainous zones is being drawn up in the republic on the basis of so-called “cluster” territorial and economic complexes. The gist of this idea is that the active trade contacts forming between Europe and Asia (which have in fact been acquiring a new lease of life since the time of the silk roads) should inspire new life in the still essentially impoverished mountainous regions of Daghestan.

The littoral-mountain production cycles will develop along the axes of Daghestan’s river basins. Established sections of subsurface use on the Daghestanian coast between the mouths of the Sulak and Samur rivers—in Makhachkala, Kaspiisk, Izberbash, and Derbent—will serve as the sea boundaries of the basin zones being formed. Correspondingly, the cities of Makhachkala, Kaspiisk, Izberbash, and Derbent will act as centers of economic growth with respect to specific foothill and mountain regions of the republic (Fig. 2). In so doing, it is expedient to combine the increase in transport-industrial potential of Daghestan’s littoral cities with a wide range of protectionist measures to stimulate the business climate in the highlands.

**Conclusion**

To sum up the above, we will note that population settlement in Daghestan’s rural areas has taken different courses at different historical times. At the moment, development trends that are es-

sententially typical for mountainous, primarily agrarian countries of the world are being seen: a) steady growth in the percentage of the urban and decrease in the percentage of the rural population; b) more active development of the network of settlements in the lowlands than in the highlands; c) rapid decrease in the number of rural settlements and rural residents living at altitudes higher than 1,500 m above sea level; and d) steady growth of the population in administrative centers of the rural districts. The reason for such changes lies in the more preferable socioeconomic living conditions, first, in the lowlands compared with the highlands and, second, in the cities compared with the villages.

It is not difficult to guess that this development of events will lead to an increase in the polarization of the standard of living on the Caspian coast, on the one hand, and in the mountainous rural zone of Daghestan, on the other. So, in particular, advertising future residential and tourist complexes as fashionable buildings on Daghestan’s azure beaches should harmoniously correlate with the advertising of no less enticing, favorable, and civilized forms of organizing rural life in the mountains. The mountain-dwellers need to have faith in the fact that national projects that are currently being implemented in the village designed to develop the agrarian and other branches of the regional economy, are only the beginning of the economic and social revival of their lands. The mountains must regain their dignity and glory as a unique civilization that provides the world with a highly developed culture of terrace farming and shows it the experience of many centuries of peaceful coexistence of various national-state formations within a single federation.
International standards on human rights are undergoing validation in the world today, while human rights are being increasingly interpreted in the context of the regional and national, as well as special religious features of different cultures. Although human rights are enforced in many international documents, and standards have supposedly been drawn up for their application, they are at times subjected to serious criticism. At this stage, different spheres of political, economic, and cultural life are becoming globalized and international standards on human rights are being established in the world, on the one hand, while the anti-globalist movement is becoming more widespread and criticism of the universality of human rights is becoming stronger, on the other.
The question arises of whether human rights standards can exist in a world abounding in diverse cultures and religions.

The supporters of the universality of human rights deem that there are certain universal human rights standards that can apply to any society. They believe that human rights are not the product of one culture, but can be drawn up by the common efforts of the entire international community.

Those who adhere to the conception of cultural relativism proceed from the fact that every culture can be evaluated only on the basis of its own principles and not in the light of universal criteria. The human rights set forth in international documents are realized in a particular country taking into account its special cultural (national, religious) features. In other words, the diverse historical traditions, psychology, and culture of different peoples have an impact on the understanding of human rights and their application. The supporters of both conceptions are putting forward sufficiently justified arguments in defense of their views.

It seems that this problem will be of interest to the South Caucasian countries. After the collapse of the U.S.S.R., dramatic changes occurred in the economy, politics, and ideology of the former Soviet republics. Today the South Caucasian countries are integrating into the European structures and elaborating different approaches to resolving the particular problems facing society.

This gives rise to the need to analyze the essence of the international standards on human rights and the principle of cultural relativism.

The Universality of Human Rights

The idea of human rights has a long history. In the Middle Ages, the legal status of the individual was mainly determined by his/her affiliation with a particular social stratum; human rights were treated more as a privilege granted to a vassal by his/her landlord.

At the same time, important documents were adopted in this area, for example, the Magna Carta Libertatum (1215) and the Habeas Corpus Act (1679), which restricted the rights of the king. The latter document also established that an individual has the right to freely take responsibility for himself and can only be punished by a court decision. Its main provision was the rule of law.

The Age of Reformation was the next important stage in the development of the conception of human rights. At this time, the rights of individuals were declared in questions of religious confession, which gave an additional boost to the struggle for rights in the political sphere.

In the 17th century, liberalism underwent development with its theory of natural rights, which continued to evolve in the future. The works of the well-known followers of this idea (Locke, Mill, Montesquieu, and others) set forth fundamental human rights to life, security, freedom, property, and resistance to oppression. They were declared to be natural, unalienable, inviolable, and existing independent of the state called upon to protect them.

The 18th century holds a special place in the history of human rights. Such documents as the American Declaration of Independence (1776) and Bill of Rights (1789-1791), and the French Declaration of the Rights of Man and of the Citizen (1789), which are of special significance in the history of the recognition and enforcement of human rights, declared unalienable human and citizen rights.

The 1776 U.S. Declaration of Independence says: “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed.”

The 1789 French Declaration of the Rights of Man and of the Citizen says: “1. Men are born and remain free and equal in rights. 2. The aim of all political association is the preservation of the natural and imprescriptible rights of man. These rights are liberty, property, security, and resistance to oppression.”

The idea of human rights underwent immense development, becoming enriched over the centuries by many rights and freedoms. But it was not until the 20th century that human rights were recognized as a fundamental value, which was reflected in the corresponding international documents. Thoughts from religious doctrines and philosophical, political, and legal teachings of different eras are embodied in the contemporary conception of human rights. Respect for human rights was confirmed as one of the priority principles of international law in 1945 with the adoption of the U.N. Charter. Largely due to the U.N.’s consistent efforts, the universality of human rights was clearly defined and recognized by international law. Human rights occupy a special place in the list of the U.N.’s purposes and tasks that are stipulated in its Charter, Art 1 of which points out that one of the U.N.’s purposes is to achieve international cooperation “in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion.” This is also confirmed by Art 55 of the Charter, which says that the U.N. shall promote “universal respect for, and observance of, human rights and fundamental freedoms for all.”

Later, the provisions of the U.N. Charter were made more specific in international pacts which are often called international standards on human rights. They were called upon to create a universal international legal base for interstate cooperation in human rights issues. The first of them was the Universal Declaration of Human Rights adopted by the U.N. General Assembly on 10 December, 1948. Although this document is not binding, it possesses great moral force and can be regarded as a universal catalogue of human rights and freedoms. Adoption of the Universal Declaration of Human Rights prompted the further drawing up of international standards in this sphere and the creation of international control mechanisms. Its authors strove to formulate those fundamental rights that were enforced in human nature itself. The purpose of the Universal Declaration was to list these rights and establish standards that should be observed in all countries.

The Preamble proclaims “this Universal Declaration of Human Rights as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society … shall strive.”

But the opinion already existed at that time that the Declaration of Human Rights reflects the ideas of Western society. American anthropologist Melville Herskovits prepared a draft “Statement on Human Rights” which says: “…the Declaration must be of world-wide applicability. It must embrace and recognize the validity of many different ways of life. It will not be convincing to the Indonesian, the African, the Chinese, if it lies on the same plane as like documents of an earlier period. The rights of Man in the Twentieth Century cannot be circumscribed by the standards of any single culture, or be dictated by the aspirations of any single people.”

During the time that has passed since adoption of the Universal Declaration of Human Rights, the U.N. has adopted a multitude of international legal documents on the protection of human rights. The most important of them are the Covenant on Civil and Political Rights and the Covenant on Economic, Social, and Cultural Rights.

In 1966, the U.N. General Assembly adopted new important acts—the International Covenant on Economic, Social, and Cultural Rights and the International Covenant on Civil and Political Rights. They present a more detailed list of human and citizen rights. Moreover, the Covenant on
Civil and Political Rights envisages the creation of a Human Rights Committee responsible for observing its provisions and realizing the rights recognized in it. Both documents became a kind of international code of human and citizen rights, and the member states assumed the obligation of undertaking the necessary measures to ensure the rights and freedoms stipulated in them.

The adoption of these covenants was a turning point in the evolution of the idea of the universality of human rights—the world community went from efforts aimed at encouraging universal respect and observing human rights to their effective protection. For example, in compliance with the facultative protocol to the Covenant on Civil and Political Rights, a Human Rights Committee was instituted that reviews the reports of states on measures adopted to realize the rights envisaged in the above-mentioned document, as well as citizens’ complaints about the violation of their rights. Within framework of the U.N., the following documents were also adopted: the U.N. Convention on the Rights of the Child, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Elimination of All Forms of Racial Discrimination, the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment, and so on.

The Vienna Declaration adopted in June 1993 in Austria at the U.N. World Conference on Human Rights, which enforces the universal nature of human rights, says: “All human rights are universal, indivisible and interdependent and interrelated. The international community must treat human rights globally in a fair and equal manner, on the same footing, and with the same emphasis. While the significance of national and regional particularities and various historical, cultural and religious backgrounds must be borne in mind, it is the duty of States, regardless of their political, economic and cultural systems, to promote and protect all human rights and fundamental freedoms.”

This means that political, citizen, cultural, economic, and social human rights should be regarded in composite. No one can choose which rights to encourage and protect, they are all equal and apply to everyone. The universality of human rights guarantees the equality of human and citizen rights and freedoms, regardless of sex, race, nationality, language, origin, property or official status, place of residence, religious or other convictions, membership in public organizations, or any other circumstances. Any form of restriction of citizen rights for any reason is also prohibited, be it social, racial, national, linguistic, or religious. Men and women have equal rights, freedoms, and opportunities to realize them.

Human rights are universal rights and freedoms for all people regardless of the social system, political regime, form of state structure and rule, or international status of the country of which the person is a citizen.

Questions of human rights, fundamental freedoms, democracy, and rule of law are of an international nature since their observation is one of the foundations of world order.

The most important universal human values are reflected in human rights, which each individual should possess no matter who he is and where he lives. They are universal, that is, they are the property of each and everyone (the international community recognizes rights for all people), indivisible, interdependent, and interrelated.

The obligations adopted by countries in the sphere of human rights within the U.N., OSCE, and other international organizations do not belong to the exclusively internal affairs of the corresponding state.

The universality of human rights means that the state is responsible to its people and the international community for fulfilling the obligations it assumes by joining specific international agreements on human rights.

In the recent past, on the basis of the principle of state sovereignty, it was believed that the entire sphere of a state’s interaction with its own people was an internal issue regulated at the national level.

In today’s world, state sovereignty is no longer absolute. It is restricted both from the outside, due to the actual interdependence of countries and peoples, which is juridically reflected in the subordination of states to international law and the appearance of international structures with supranational powers, and from the inside, since the sovereignty of the state, even on its own territory, is restricted by the unalienable rights and freedoms of the individual and the state’s responsibility to each citizen.

**Human Rights and Their Regional Protection Systems**

We have already looked above at the U.N.’s role in drawing up international standards on human rights. Thanks to the U.N.’s long and targeted activity, the universality of human rights has been clearly defined and recognized by international law. The creation of a system of international control over the observation of human rights is one of the most important achievements of this prestigious structure. In addition to the Human Rights Committee, within the Convention against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment, a Committee against Torture and Committee on the Rights of the Child function. A Committee for the Elimination of Discrimination against Women was formed within the Convention on the Elimination of All Forms of Discrimination against Women.

But along with the system of human rights protection formed within the U.N., corresponding structures also function at the regional level.

Europe is way ahead of other continents with respect to integration processes, including in creating a contemporary system of human rights protection. The Council of Europe is an extremely old and influential organization engaged in the protection of human rights. On 4 November, 1950, its members adopted the European Convention on the Protection of Human Rights and Fundamental Freedoms, the value of which is not so much in the human rights enforced in it as in the creation of a mechanism for their protection. This system has already long proven its efficiency among all the regional means of human rights protection, and what is more, it is at times even more effective than the activity of the U.N. bodies.

The European Court of Human Rights, which has the authority to review appeals both from states and individuals, was created on the basis of the European Convention on the Protection of Human Rights and Fundamental Freedoms. The decisions it issues are binding for states, the Council of Europe Committee of Ministers monitors their implementation and is called upon to ensure unconditional observance and fulfillment of the standards of the European Convention on the Protection of Human Rights and Fundamental Freedoms by the member states.

Court decisions that were important as judicial precedents have a serious impact on the formation and development of European law; the state’s judicial bodies are guided by them in their everyday practice. The members of the Council of Europe constantly adjust their legislation and administrative practice in keeping with the Court’s decisions.7

French academician Karel Vašák noted that the value of the Convention is essentially defined by its mechanism, not by the rights it protects. For the first time in human history, there is an international mechanism that functions beyond the state and expresses the universal values of the whole of mankind.8

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The activity of the European Court of Human Rights is a graphic example of how states limit their sovereignty in favor of a supranational body in questions of ensuring human rights.

The inter-American system of human rights protection was created within the framework of the Organization of American States. The Inter-American Convention on Human Rights was adopted on 20 November, 1969, and it espouses a much more extensive list of rights than the European Convention. In particular, it set forth such rights as the right to a name, the rights of the child, the right to citizenship or nationality, the right to equality before the law, the right to asylum, and so on.

According to this convention, the Inter-American Court of Human Rights is endowed with control functions over the observance of human rights. But its activity proved ineffective: during the years it functioned, it issued no more than ten judgments. In contrast to the European Court of Human Rights, there is also the problem of executing the body’s decisions. The following fact can be stated: the activity of the Inter-American Court of Human Rights has proven inefficient.

A comparison of the activity of the European and American regional law-protection bodies makes it possible to conclude that they can only function efficiently if political and legal systems, historical experience, and level of socioeconomic development are identical. This largely explains why the European system is much more successful than the Inter-American Court on the Latin American continent.9

The African regional system of human rights protection was founded in 1981 when the Assembly of Heads of State and Government of the Organization of African Unity adopted the Charter on Human and Peoples’ Rights (it came into force in 1986). This document has several distinguishing traits that are not characteristic of the European Convention on the Protection of Human Rights and Fundamental Freedoms and the Inter-American Convention on Human Rights due to the political situation on the continent, as well as to the historical traditions and values of the African nations. Along with human rights, the Charter also enforces peoples’ rights (all peoples have the right to national and international security, existence, and use of natural resources) and sets forth the individual’s duties toward his family, community, and state. In particular, it talks about the individual’s duties to preserve the harmonious development of the family and serve his national community. The African Commission on Human and Peoples’ Rights is the controlling body. It prepares a report based on a state’s notification of mass violations of human rights by another state. In this report it sets forth the facts and its conclusions and sends it to the countries concerned and to the Assembly of the Heads of State and Government. The Commission does not examine individual cases of human rights’ violations. As we see, the controlling body on the African continent does not possess broad powers.

There are no regional bodies on human rights so far in Asia, which is most likely due to the absence of a regional body like the Council of Europe, Organization of African Unity, or Organization of American States. Moreover, the countries of this region are not bound by one culture or a single religion. The presence of at least one of these elements might make it possible to create a regional body.

An analysis shows that the most efficient system of human rights protection, which can be considered a kind of yardstick, was drawn up in Europe. And this is despite the fact that different religions are confessed on this continent, and each nation has its own history and culture, but there are values that everyone who lives here respects. It was possible to create a single legal space on the basis of these moral principles. There can be no doubt that the European culture has had a positive influence on the establishment of international standards on human rights.

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The idea of the universality of human rights is not shared by everyone, there is also another approach to international standards on human rights.

Cultural relativism is a conception in keeping with which human values are far from universal and greatly depend on the cultural and religious traits of the nation. In so doing, it is believed that each culture can be evaluated only on the basis of its own principles and not in the light of universal criteria. Consequently, the protection of human rights is not carried out in keeping with international standards, but at the state’s own discretion. The conception of human rights is a product of historical development. It is closely tied to specific social, political, and economic conditions and the particular history, culture, and values of each country. Certain periods of history have put forward their demands with respect to human rights. So the supporters of cultural relativism believe that countries at different stages of development or with historical traditions and cultural values that differ from each other have a different understanding and practice in the sphere of human rights. Correspondingly, the standards and models of human rights adopted by certain states cannot be considered the only ones, and they cannot demand that all countries subordinate themselves to them.10

Of course, we cannot deny the fact that the modern conception of human rights originates in Western Europe. Called upon to protect each individual from the state’s absolute power, it is based on the idea of individualism, which is one of the historical achievements of the Western culture. And in some cases, precisely this factor is used by the opponents of the idea of the universality of human rights. The supporters of cultural relativism put forward different arguments in defense of their conception of human rights.

One of the approaches is based on the fact that the Universal Declaration of Human Rights and other international documents rely on the Christian culture and do not correspond to the Muslim value system.11

Another point of view that does not put the emphasis on religion relies largely on cultural differences. The opinion is expressed that human rights reflect the values of the Western culture based on individualism, while other cultures rely on different principles that are not based on individualism, but on the interests of the family and community.

The idea of the universality of human rights is also seen as an attempt to impose the principles of one culture on the representatives of another. That is, this conception seems to turn a blind eye to the cultural differences between nations, which prevent the representatives of one culture from adopting the values prevalent in another society.

The head of one of the delegations at the World Conference on Human Rights in 1993 had the following to say about this: “I would like to note that the representatives of developing countries understand and value the development of the way of thinking and motives underlying contemporary Western policy and views on human rights; we have the right to expect at least the same understanding and respect for the historical development and experience of non-Western communities and for our cultural and social values and traditions. Many developing countries, some of which are proud of their ancient and highly developed culture, have historical development experience that differs from that of the Western countries with respect to the formation of their ideas of human rights and democracy. Indeed, they frequently drew up their own distinguishing ideas based on a different experience...

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11 See: Ibid., pp. 31-32.
of relations between the individual and society, man and other people, as well as the rights of human society with respect to the rights of the individual."\(^{12}\)

There is another argument: economic problems must first be resolved in countries where an adequate standard of living is not maintained and where poverty reigns, which, in turn, will create conditions for ensuring the rights of the individual. For this reason, human rights can be fully ensured only by economically developed countries.

It was said at the World Conference on Human Rights in 1993: "For most of the developing countries, respect and protection of human rights primarily means full realization of rights to existence and development. Arguments that human rights are a prerequisite for development are unjustified. Under conditions when there is no adequate food or clothing and people’s elementary needs are not met, economic development is the priority demand."\(^{13}\)

The opinion is also expressed that the principle of state sovereignty is a priority with respect to the universality of human rights. It is believed that ensuring state sovereignty is the fundamental principle for observing human rights. This prevents interference into a country’s internal affairs under the pretext of protecting human rights and the use of this factor as a means of pressure on it. The following thought was expressed at the same conference: "Views according to which human rights issues do not recognize borders and the principle of non-interference into internal affairs are unacceptable here, and any actions based on these views are nothing more than a form of pressure policy."\(^{14}\)

The supporters of the universality of human rights also espouse the following viewpoint: it must be admitted that not everyone is in favor of international standards on human rights. A more tolerant attitude should be taken toward one’s opponents and they should be given the opportunity to choose their development path for themselves.

The criticism of the universality of human rights proceeded not only from the representatives of non-Western societies. Well-known scientist Samuel Huntington wrote: “However, Western concepts differ fundamentally from those prevalent in other civilizations. Western ideas of individualism, liberalism, constitutionalism, human rights, equality, liberty, the rule of law, democracy, free markets, the separation of church and state, often have little resonance in Islamic, Confucian, Japanese, Hindu, Buddhist or Orthodox cultures. Western efforts to propagate each of these ideas produce instead a reaction against ‘human rights imperialism’ and a reaffirmation of indigenous values... The very notion that there could be a ‘universal civilization’ is a Western idea, directly at odds with the particularism of most Asian societies and their emphasis on what distinguishes one people from another. Indeed, the author of a review of 100 comparative studies of values in different societies concluded that ‘the values that are most important in the West are least important worldwide.’ In the political realm, of course, these differences are most manifest in the efforts of the United States and other Western powers to induce other peoples to adopt Western ideas concerning democracy and human rights. Modern democratic government originated in the West. When it has developed in non-Western societies it has usually been the product of Western colonialism or imposition.”\(^{15}\)

Among the supporters of cultural relativism there are also those who believe, without any hidden political motive, that each culture is specific and it is impossible to draw up standards of behavior that are common for everyone.

The ideas of cultural relativism are used by several authoritarian state officials for reinforcing their power. They justify human rights violations by referring to cultural specifics.

As already noted, the universality of human rights presumes international control over their observance, in so doing “weakening” state sovereignty. Any country that assumes the obligation of ensur-
ing human rights based on international documents must unconditionally carry it out. In so doing, international organizations or bodies should bring some influence to bear on protecting human rights.

But there are cases when the protection of human rights is used as a way to apply pressure in order to achieve political and economic goals not related to the protection of human rights. In some cases, force is used, in others, as happened in Rwanda, where violations assumed mass proportions, the reaction is restrained. It is very difficult to justify this difference in approaches. In so doing, the problem of human rights protection becomes a problem of security for some countries. The idea of ensuring human rights by force must be treated with caution since a dangerous trend may appear of using the regulations of international law on human rights’ violations in order to openly protect one’s own interests, which is also sometimes carried out with the help of force. It is precisely this kind of situation that pushes cultural relativism to the foreground.

It would seem that the high level of economic development in the Western countries should be a significant argument in favor of the universality of human rights, even if it is based on ideas inherent in the European culture. But several Southeast Asian countries have also achieved equally impressive economic success by following entirely different values, which proves that it is possible to choose a different development path.

**Conclusion**

The arguments of the supporters of cultural relativism are not exhaustive, however, they give an idea of how varied their arguments are.

As we see, establishing international standards on human rights has been a long and difficult process. The protection of human rights is at different levels in the regions themselves.

It took Western culture centuries to achieve the universality of human rights for all members of society. In these countries, women waged a long battle for equal rights with men and there was racial discrimination.

Of course, each culture is inimitable and unique in its nature, each nation and each society has its own history and culture, its own individual viewpoint on the problem of human rights. But does adherence to human rights need to be made dependent on cultural values adopted in a particular society? Certain dangers are inherent in this approach, while in practice it is often used to justify violations of human rights.

For if the observance of international standards on human rights is made dependent on the mentality of different nations, it will be extremely difficult to ensure their protection and respect. Human rights are intended for all people belonging to any cultural environment.

It stands to reason that the Western culture has had an impact on the formation of international standards on human rights. It is no accident that the most effective system of human rights protection functions in Europe. But the universality of human rights should not be engendered by religious and cultural factors.

Universal values and standards exist, including with respect to human rights, which are accepted by different cultures. For example, torture, slavery, and inhuman and degrading treatment are unacceptable in any society. And although slavery, for example, has existed in many cultures throughout human history, there is not one society today that would protect such a phenomenon on the basis of culture heritage and traditions. On the contrary, in keeping with international law, all forms of slavery are a serious violation of human rights.

Nor is there anyone who will justify torture, murder, or genocide. Any attempts to justify such violations by means of cultural considerations do not have any legal feet to stand on and do not meet the demands and regulations of international law. Economic difficulties should not stop personal human rights from being ensured. Their observance does not depend on the economic state of society, although it stands to reason that economic prosperity has a positive effect on the realization of human rights.
It is thought that a dialog of civilizations will make it possible to draw up a common foundation for protecting human dignity on which the system of human rights protection can rely. Recognizing cultural diversity should not cast aspersions on the universal nature of human rights. On the other hand, there is an interrelationship between cultural values and universal human rights in different societies. In this sense, the thought expressed at one time by Secretary General of the Council of Europe Catherine Lalumière is interesting: “Universality is not uniformity, and it can entirely tolerably be related to the fact that, depending on societies and cultures, special accents are placed more on some rights than on others. I would even say that if human rights want to be truly universal, they should be rooted in different cultures. Only under this condition will people, no matter where they live, be able to know and understand human rights, for they are capable of carrying this out only proceeding from their own culture.”

For example, freedom of speech guarantees each person the right to freely express his/her own opinion. But whereas one culture believes that caricature is a form of freedom of speech, another does not accept that way of expressing one’s thoughts. Some accept single-sex marriages to be a component of personal life, others are against such marriages.

The experience of drawing up international covenants on human rights shows that consent can be reached regarding principles that are common for different cultures and religions, in so doing reaching a consensus on the contents of human rights. So it is not necessary for cultures to be opposed to each other, for in today’s world they are not self-contained in a specific space, but touch upon and influence each other.

The different problems of human rights can be resolved on the basis of human unity, which means on the principle of universality, while preserving national and cultural diversity.

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GLOBALIZATION MYTH AND TRADITIONAL CULTURE IN GEORGIA AND THE CAUCASUS

Abstract

The geocultural orientation of the Caucasus, and Georgia as its part, is growing more and more important in the age of globalization. This process has already offered Caucasian geoculture new possibilities; the Caucasus has been given...
the chance of becoming the only cultural transit region where many different cultures meet. Cultural diffusion will not be its only function: it stands a good chance of becoming a topos of the dialogue of cultures.

As part of the topos of the Georgian geoculture, each of the cultures becomes open and transparent. This global tendency has shifted the Georgian culture to conflict conditions: on the one hand, it is conserved, on the other, it is transit. This is the new reality of our culture. Indeed, all cultures operate under conflict conditions; this should alleviate our fears that our culture might lose its self-identity. Today the process of mastering globalization in the information sphere is underway. This is the culturological concept of the last decade of Georgian culture.

Introduction

Until recently the traditions of culturological studies never put the Caucasian region in the context of a topos with a competitive geocultural identity in relation to other cultures.

If a post-culture and its epoch lend themselves to any description, it can be put in a nutshell in the following way:

1. Transpolitical (territorial integration).
2. Transeconomic (common economic expanse; common equivalent of money).
3. Transaesthetic (relieved of national forms).
4. Transreligious (ecumenism).
5. Trans-scholarly (integrated information field and information age).
6. Transpersonal (here we can mention Stanislav Grof and his Beyond the Brain).
7. Transethical (cloning).
8. Transsexual.

This can hardly be described as a new paradigm of culture: it looks more like an antichronotopic description of culture’s proto-state (Epstein’s term). What terms can be used to describe Georgia’s contemporary culture in the context of the Caucasus and the global processes now underway in the world?

Georgia at the Geocultural Crossroads of Epochs

Culturological tradition, on the whole, never looked at the Caucasian region as a specific and self-identified geocultural topos in relation to other cultural regions. Its specific, eclectic, and far from uniform nature has not permitted it to fit, so far, into the scientifically determined limits of Eastern or Western civilizations. The following questions have not yet been answered:

- What cultural orientation is typical of the Caucasus?
- Can we speak of its unification into a single cultural field in the presence of its highly non-uniform fabric?
- What are the prospects of the conserved Caucasian cultures in the planetary strategy of current global integration?

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1 See: M. Epstein, De’but de sciècle, ili Ot post- k proto-. Manifest novogo veka, Aleteya, St. Petersburg, 2001.
Against the background of the social, political, economic, and cultural processes, the Caucasus, and Georgia as its part, will have to choose between the real prospects of integration and marginalization. It is highly important to compare the entire range of cultural information and to rely on our cultural experience to choose the least painless road toward integration and adaptation.

Potential subjects can be formulated in the following way within the framework of the formulated tasks:

1. Historical identity of Caucasian cultures and subcultures (the degree to which they are integrated into their own history).
2. Temporal and spatial orientations in Caucasian cultures.
4. Ethnic identity and ethnic tolerance.
5. Traditional forms of gender stereotypes in Caucasian cultures.
6. Adaptation of the traditional forms of religious, ethnic, and gender identity in the Caucasus.
7. People’s diplomacy and identification of potential vectors of conflicts.
8. New forms and types of descriptions of the subjects of ethnoscience and culture in the culturological paradigm.
9. The regime of cultural and economic functionality and the degree of their determination in the general cultural context.

In view of the extreme complexity of these tasks, I have selected three basic key paradigms in which I shall discuss Georgian culture as part of the Caucasian cultures and subcultures:

— classical proto-state of culture;
— culture’s dynamics and its historical chronotop;
— post-cultural state and the mechanisms of cultural adaptation.

The classical proto-state of culture is a divine taboo, its violation being the first ever culturally creative act. The proto-state of culture is verbalized according to the cosmogonic and cosmological principles of narration.

Description of the temporal-spatial continuum replaces the violation of the taboo and the cosmogonic narrative; this is enough to transfer us into a new paradigm of culture. This is the epoch of culture’s historical dynamics, in which ethnos comes forward as a subject of aesthetic transcendence; in this capacity it begins to identify and realize unified ritual forms. This makes possible the following forms of Caucasian cosmogony and cosmology:

1. Uniformity of everyday life of the Caucasian population.
2. Poly-religious and polyethnic dimensions of the Caucasus and a system of uniform values.
3. Uniform aesthetic structure of the Caucasian population.
4. Uniform ethnic and axiological structure of the Caucasian population.

The irrational axis that inevitably pulls the Caucasian geographic expanse into a uniform cultural paradigm is not a recent phenomenon. The Caucasus, which looks uniform is, in fact, a kaleidoscope of ethnic and religious patterns. Throughout its history, however, the Caucasus looked unified within the key axiological system shared by the highland and lowland populations. I do not intend to put the problem into a historical discourse—this task belongs to historians. I have posed myself the task of providing a systemic interpretation of some of the basic issues enumerated above and, as far as possible, outlining the prospects for the Caucasian culture in the post-historic epoch.
This adds importance to the fact that the Caucasian expanse will in a very natural way become the unified topos of the four cosmogonic elements (the earth, water, air and fire). There are several such places on the planet; however in the Caucasian region the archaic cosmogonic scheme is still alive. In fact, the Caucasian culture owes its high degree of conservation to this archetypical model of the aboriginal population. The mythological cultural figures well conserved in Caucasian cosmogony are responsible for the unified ritual rule and rely on the non-topological principle of transfer from cosmogony to cosmology.

In the Caucasus, the universal mysterious, ritualistic, and symbolic schemes, the backbone of world mythology, function as the sum-total of uniform graphic and ritualistic symbols. The entire range and panorama of the identity of the images of deities, which look like symbolic graphic signs, allow us to say that the universal nature of the cosmogonic schemes in this specific topos is realized through a system of unique images. This means that the Caucasian cosmogonic expanse can be represented as a uniform Caucasian cosmology only through a formal uniformity of images. Cosmogony cannot be described as an autonomous culture, while culture per se presupposes a certain expanse of power. This means that cosmogony develops into cosmology and is transformed into morals, habits, and traditions. This is a space of creation in which creative forms come to the fore and are shaped into morals. Morals are, in fact, a creative form.

At first, cultural expansion, as a civilizational element indispensable to geoculture, had no hegemon in the Caucasus; its conventional comprehension was possible only through an economic element. This role belonged to the so-called Great Silk Caravan Road that crossed Georgia, among other countries. It should be said, however, that from this point of view the territory of Tbilisi and its environs functioned as a Caucasian regional center. This explains the importance of the fact that Svetitskhoveli, the main symbol of new Christian cosmology, was placed next to Tbilisi. By the same token, Christianity acquired a centric and centripetal intention in relation to the rest of the Caucasus.

The general picture of cosmological ideas is best reflected in architecture, the earliest art of the nomadic, and sometimes not nomadic, ethnic groups living on the southern and northern slopes of the Caucasian mountains. The tower, in itself an architectural scheme of ritual importance, is based on the cosmological principle. A typical Caucasian tower (in Tusheti, for example) that has five stories provides an idea of the cosmological model of the Caucasian world.

The gender scheme—the tower expresses the specific functional role of the woman and man in the cosmos—is significant. The first floor was occupied by cattle; and the second by women engaged in everyday female tasks. It should be said here that sheep (sacral animals) were shepherded only by men, while cows were entrusted to the women’s care. Men and women met on the third floor. Men occupied the fourth floor, while gods were believed to live on the fifth floor. Women were banned from the fifth floor and were not supposed even to see it.

There was also a horizontal topological system that resembled a similar or nearly similar scheme of sacral-ritual behavior in the horizontal expanse. The abode of the Mother of the place or other deities was similarly structured. The deities’ sacral place was isolated: women were banned from it. This suggests that the expanses of the deities were similarly structuralized.

In the traditional Caucasian society, the family was the central topos, which has preserved its axiological meaning. According to recent sociological studies, the family remains one of the central values. The archaic family model is still one of the priorities, even though the Caucasian cultural region has covered a long historical road and its religious identity is varied; it has survived the hardships of the industrial age and has entered the period of informational adaptation. This family model might possibly retreat from its leading position in the globalization process.

This uniform archetypical model can be used to describe uniform and formally acceptable from the moral point of view norms of behavior; at the same time, it offers those general forms and principles of aesthetics that build up culture. This, and this alone, shapes the uniform axiological system that, despite the poly-ethnic and late poly-confessional system, is responsible for the region’s common kindred self-awareness.
The geocultural orientation of the Caucasus is coming to the fore in the age of globalization. Is the Caucasus a vehicle of uniform cultural orientation? The question is suggested by the fact that its cultural fabric cannot be described as ethnically, anthropologically, or religiously homogenous. In the context of a morphologically highly complicated culture, Georgia has immense economic and political advantages. This is confirmed not only by the transnational economic projects, but also by the transpolitical revolution of November 2003 that can be described as virtual because of its widely televised events.

Georgia is a meeting place of numerous cultures: Asian, European, Christian, and Muslim, as well as traditional and post-cultural values. We should admit, however, that Georgia is a country of conserved (not conservative) culture.

We all know that conservation of culture is a mechanism of self-protection (or even the only one) against historical cataclysms the country has experienced throughout its millennia-long history. It seems that conservation was the only way to protect the national cultural forms.

National and state identity allows one to ponder on one’s own personal cultural identity. Clearly a citizen of a free country does not need any ensured return to traditional forms as the only means of protection against alien cultural expansion. For this reason he is more concerned with his social identity, which destroys the traditional social stereotypes.

Globalization offers new horizons to Caucasian geoculture: the region stands the chance of becoming the only cultural transit center as a meeting place among many different cultures. Cultural diffusion will not be its only function—it may become a real topos in the dialog of civilizations and cultures.

In the topos of the Georgian geoculture, each culture becomes open and transparent. This global trend transfers Caucasian culture to conflict conditions. On the one hand, it is conserved, on the other, transit. This creates our culture’s new reality.

Since all cultures operate under conflict conditions, there is no reason to fear for the Georgian culture’s self-identity. The task is different:

- Our ideas about the Caucasus’ cultural strategy should be revised and a new strategic orientation of cultural policy should be established;
- The role of Georgia as a trans-expanse between the East and the West and between the Northern and Southern Caucasus should be clearly identified;
- The new relations between ethnic, religious, and everyday cultures and subcultures of the north and the south of the Caucasus under globalization conditions should be established.

The above suggests that we should describe Georgian culture as mythologically-ritual and belonging to the European cultural paradigm.

Contemporary Georgian culture, and Caucasian culture as a whole, can be described as a mosaic. This means that, on the one hand, it can be studied as an urban culture with its center in Tbilisi and, on the other, as a pseudo-ritual one reflected in concentrated form in the traditions and mentality.

Urbanization creates great problems for a mind unfamiliar with the realities of industrialization. This is even more correct in the event of information flows that permeate the social organism of the Caucasian ethnic groups. The Georgian social milieu has passed through two difficult adaptation periods:

- industrialization of the early 1920s;
- incorporation into the current global processes through total informational support.
The restored statehood that spurred on the reshuffling of the social structures contributed to the second adaptation stage. So far, the traditional social roles are not being discussed in relation to the new social and economic policies.

Public conscience, which had barely adjusted itself to industrialization, was presented with a new dilemma. The state-building going on against the background of widespread globalization brought new sociopolitical and cultural conflicts to the surface. The economic crisis, industrial stagnation, and highly negative social climate brought about radical re-assessments of the traditional values and provoked destruction of traditional roles and the structure of personal values.

Those traditional values that in the past formed a ritual or even pagan paradigmatic axis (this was especially true of the country’s mountainous regions) shed their mystical and religious content to be preserved in the form of traditions. In fact, orientation toward traditional values in the context of general globalization is the main cause of the social and political crisis. This explains the fact that state-building in Georgia turned out to be an extremely painful process. The ruling elite and the people, the regions and the center found themselves on the opposite sides of an abyss. The intelligentsia, the nation’s creative potential, is being pushed to the social margins; the popular, that is easily recognizable, actors of the nongovernmental sector perceived as carriers of imported ideologies lost much of former public confidence. On the one hand, while the circles oriented toward Western values are busy promoting democratic ideology and liberal values are accepted, to some extent, by the urbanized part of the Georgian population, most rural residents find this ideology absolutely alien to them. It is imposed on them contrary to their will in the same way as the communist ideology was imposed on them in the past. This explains why today, as in the past, they are living in conflict with their own identity.

The cultural identity and representation of Georgia and the Caucasus, for that matter, bring us back to the sphere of mythology, philosophy, literature, and art, where non-traditional and institutionalized systems coexist in very clear form; this coexistence is painful and harmonious at one and the same time.

An analysis of the processes that have taken place in Georgia in the last decade demonstrated the extent of globalization’s real threat in the virtual information expanse. The high degree of cultural conservation in Georgia did not permit it either in the 1990s or in the 2000s to sift through the information flow that caught the country unprepared.

At the same time, culture’s self-protection mechanism that recently started functioning indicates that the country is rapidly mastering informational globalization. The processes that recently took place in Georgia and the fact that several TV channels were closed during the latest political crisis and earlier (the opposition 202 TV channel) indicate that when mastering informational globalization the state structures trailed behind the population and the nongovernmental sector. There are over 10 TV channels in Tbilisi alone, there are also regional TV channels and press. Democracy was replaced with TV-cracy; what we see can be described as an information conflict.

The information concepts that describe globalization as a cultural rather than economic or political paradigm suggest that culture is a specific universal by means of which we can adapt to the new myth of globalization.

The new myth of informational globalization needs a new system of signs in which, strange as it may seem, in the system of traditional culture the main role will belong to the female gender role. The archetypical model of the classical myth explains why women have more chance of succeeding in the contemporary social sphere and why they are moving to the leading positions in politics. Two important circumstances deserve our attention in this connection.

1. Since new mythology brings us back to the proto-state, the future will inevitably restore the image of a female archetype saved by the conserved culture. The stronger role of women as social leaders will be predetermined by the patriarchal patterns based on the cultural conserves of societies currently described as traditional. The Caucasian peoples belong to this category.
2. The current process of informational globalization is another important factor. It looks strange at first glance that the future image of female power is created by irrational mechanisms (information images).

These two circumstances provide the coming female power in the irrational scheme with a so-called meta-basis to allow it to gain primacy over men.

It should be pointed out that since the contemporary image of a politician or a leader corresponds, on the whole, to the male image, woman has to build up her image according to the dominating image. In its development informational globalization will open up new horizons of forms of conduct and external visual signs. Woman as an image of the leader of the future will reject male behavioral strategies, which will inevitably predetermine the new trends of political adventurism created by the new (female) image of power. Today, this is amply demonstrated by the female power of political adventurism of female anchors on Georgian TV.

C o n c l u s i o n

The information concepts that describe globalization as a cultural (non-political and non-economic) paradigm suggest that culture is its main universal. Continued conservation of the traditional (local) cultural types against the wider background of growing globalization trends testify that the Caucasian peoples have concentrated their cultural efforts on ethnic-cultural self-preservation and a quest for uniform cultural morphology.

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GLOBALIZATION AND PROBLEMS OF DEVELOPING ETHNIC CULTURE (BASED ON INFORMATION OF THE KABARDINO-BALKARIAN REPUBLIC OF THE RUSSIAN FEDERATION)

A b s t r a c t

This article looks at the key aspects of the evolution of today’s global culture based on incorporation of the ethnic culture of Kabardino-Balkaria into the general context of integration relations. According to the author, the practical, moral, and
Today’s interest in so-called ethnic phenomena can be regarded as a reaction to the global sociocultural processes arising from the dynamics of historical changes, complicated and multifaceted interrelations, and so on. Ethnicity is often considered the ideal origin in the chain of these interrelations that can prevent cultural values from being leveled out and standardized in today’s globalizing world. But the nature of ethnicity is also interpreted from the opposite viewpoint—as political-ideological fiction and an obsolescent organism. In this respect, studies aimed at revealing the special features of the development of ethnic cultures are becoming particularly important and there is a growing need for a systematic culturological approach to the study of their role and place in today’s polyethnic space.

The wide network of ethnic contacts at the most different levels presumes mutual exchange not only of information, but also of different forms of world perception, world outlook, and comprehension of oneself and others. Such a mutual exchange has always been going on and is manifested at different times either by militant servitude or by peaceful coexistence. But the dynamism of ethnic relations used to be of a primarily regional rather than global nature. This is precisely why we feel that, today, study of the problems of ethnic cultural development during globalization is an important and urgent task.

Globalization raises several questions, two of which can be singled out in the context of the problem currently under discussion. What is the influence of globalization on ethnic cultures? And are ethnic cultures capable of enhancing or hindering global trends? An analysis of different types of culture (archaic, traditional, national, and so on) makes it possible to claim that traditional ethnic cultures are more viable and, on the whole, capable of adapting to life under contemporary conditions, including globalism.

Compared with other social entities, ethnic (national) cultures are the main components of human culture. Moreover, ethnic culture is the first historical entity of culture, since it was originally formed as a culture of local traditional societies. Later, different subcultures predetermined by different living conditions, world outlook, and other forms of differentiation appeared. Integration into the sociocultural sphere should promote not uniformity and leveling out of all the integrating elements, but an increase in diversity of the entire whole. “Differentiation of differences generates the energy of dynamics; ignoring individual traits and standardization saps this energy. Nationalism has a chance of

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being preserved in the 21st century, in the globalized post-industrial society, but without national hostility and intolerance.”

Two extreme points of view on the consequences of globalization can be singled out: universal Americanization and standardization of everyday lifestyles and cultures, on the one hand, and trends toward demarcation and confrontation, on the other. For example, the supporters of alarmism view globalism as a threat to the existence of traditional cultures, as a factor promoting the deformation of ethno-national values. But new approaches to studying the problems of globalization are appearing, one of which is the ethnography of globalization, since the global culture is not only forming under the influence of Western standards, but every ethnic culture is also having an impact on the formation of the global model.

At the present stage, the globalization processes not only level out ethnic values, but also encourage their development. In the polyethnic space of the Russian Federation, the preservation and development of traditional cultures is becoming a necessary and important component of cultural policy. According to V. Zhidkov and K. Sokolov, “the cultural policy of a democratic state is activity which presumes the following:

1. the formation of conceptual ideas based on public consent about the place and role of culture in the life of society and about the proper state of cultural life;
2. the definition of priority goals for developing culture;
3. the drawing up of corresponding programs; and
4. their implementation by distributing different types of resources.”

All of the listed areas are being developed to one extent or another in cultural policy at the federal and regional levels. In Russia, “federal legislation envisages the equal value of all cultures and their right to self-expression, and the federal authorities are demonstrating a desire to support diversity and cultural pluralism. The development of national cultures and the cultures of ethnic groups is regarded as a priority of the Russian Ministry of Culture, and targeted programs envisage a whole series of campaigns designed to support them.”

Preserving and studying the ethnocultural environment of the people who reside in Kabardino-Balkaria is a priority task of the republic’s cultural policy, which is based on Russia’s perception as a historical union of different nations, nationalities, and ethnic groups. So preserving a single cultural space for the peoples of the Northern Caucasus, as well as integrating the culture of the peoples of Kabardino-Balkaria into the common cultural space of the Russian Federation is a matter of a strategic priority.

Cultural Life in Kabardino-Balkaria

Cultural life in Kabardino-Balkaria is being enhanced by encouraging the development of traditional and professional skills, preserving and using the cultural heritage, and creating new values. Keeping in mind the importance of developing independent creativity, since the 1990s, republic-level festivals of folk song and dance ensembles and the performers of Adighe and Balkarian folk songs,

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2 Iu. Iakovets, Globalizatsia i vzaimodeistvie tsivilizatsii, Moscow, 2001, p. 287.
4 V. Zhidkov, K. Sokolov, Kulturnaia politika Rossii, Moscow, 2001.
national cultural festivals, regional cultural festivals (the Chegetia Festival of Art Songs, the Earth Shall Bloom Festival of Young Performers of Popular Songs, the Golden Disk Regional Competition of Popular Song Performers, and so on), shows and contests of choreographic art, folk orchestras, the Kashirgova national harmonica players, and so on have been regularly held in the Kabardino-Balkarian Republic (KBR). Since 2001, the republic’s musicians have been participating in the Petropavlovsk Ensembles competition of folk instrument players held in St. Petersburg.

Contests of different genres of musical art are regularly held at the North Caucasian Institute of Arts (NCIA): in 1994, the department of folk instruments held the First North Caucasian Competition of Folk Instrument Performers, and in 2000, the First North Caucasian Open Competition of Vocalists. In 2006, the Third North Caucasian Open Competition of Vocalists named after Russian Federation People’s Artist N.K. Gastasheva was held. “I am sure that if we stop performing and listening to Tchaikovsky, Rakhmaninov, Beethoven, Brahms, and other Russian, foreign, and national composers only, this would lead to a decline in professional art and hinder our spiritual development,” notes N. Gastasheva.

In 1993, a professional ensemble called Shikapshina was created at the NCIA College of Culture and Arts under the supervision of V. Kharitonov, a talented teacher and head of the folk instrument department (in 2004, M. Kashirgova became the director). Its repertoire includes works by Kabardino-Balkarian composers, more than 40 of which are kept in the archives of the music foundation of KBR radio and television, as well as folk melodies arranged by V. Kharitonov. The Shikapshina ensemble of Adighe instruments took part in the Fraternal Songs Festival of the Caucasian Peoples in Cherkessk, in the Third International Festival of Adighe Culture in Maikop, and in the KBR Days of Art in Moscow. In 2007, the ensemble won first prize at the First Open Republican Contest of Folk Instrument Ensembles in Maikop.

The growing interest in traditional culture can also be seen in professional types of art: theater and painting. “Historical themes from the life of the Kabardinians and Balkars, as well as traditional customs are expressed more and more frequently in paintings and graphic works, and people are comprehending the figurative structure of traditional folk art and penetrating deeper into its national foundations,” notes B. Malbakhov.

The Nalkut-Nalmys National Showpiece Fashion Theater, created in 1996 at the Republican Center of Scientific and Technical Creativity of the KBR Ministry of Education is successfully engaged in preserving and developing the traditions of national art, as well as in the study of modern technology of decorative-applied art. In 2004, it was awarded the Grand Prix at the 8th National Contest of Children’s Fashion Theaters. In 2007, the theater’s collective was awarded a special prize in the Best Headgear of Russia nomination at the Golden Needle Association Contest sponsored by V. Zaitsev. According to the heads of the creative studio, the restoration and development of folk art, in particular national costume, is impossible without pursuing figurative stylistics and studying both the past and present art practice of the people. Only then is it possible to see the prospects for developing national culture.

However, there are several urgent problems in the development of national art creativity. For example, the old industrial centers with rich art traditions are gradually being taken over by contemporary enterprises which do not always consistently develop the traditional art heritage, as well as by those that are placing particular emphasis on stylizing items of traditional art. This heterogeneity often erodes the understanding of the cultural and creative tasks of craft industries. Moreover, during significant sociocultural changes and transformations, both in society as a whole and in national art in particular, the vernacular arts require concise organization in order to promote the emergence of new facets of traditional art and raise it to a new level of development.

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At present, carpet, jewelry, and other crafts, which are becoming centers of applied art, try to preserve their specific features: the prevalence of handicrafts and the creative execution of items based on the collective nature of the craftsmen’s activity, techniques, and art tradition. Defining the purpose of an item is still an important element in craftwork and presumes the ability to give form and art integrity to a decorative piece. At present, development of traditional crafts is giving rise to several problems associated with the following:

1. segregating traditional crafts into an independent organization;
2. training staff in special educational institutions;
3. developing national crafts as a specific art system.

Without qualified specialists, no scientific organization of national art crafts and ethnic aesthetics, or restoration of traditional art is possible.

Contemporary folk creativity is verging on design and aimed at producing contemporary items, on the one hand, and on fine art and designing individual decorative hand-crafted items, on the other. In the first case, projects are being created for different branches of industry and enterprises that manufacture art items, and in the second for special art workshops where hand work is widely used to produce fabric, ceramic, and carpet items. Sometimes an applied artist not only designs, but also makes the item himself, as a prototype to be mass produced or as a unique work. Examples are G. Bzheunykhov (plastic arts), L. Bulatov (felt), L. Nurmagomedova (batik), V. Oiberman (musical instruments), and others.

Unfortunately, some types of traditional art (felt rugs, matting) are no longer used for a variety of everyday purposes, but serve only as decorations to accent the national style of a home. They have been replaced by factory-made rugs, including handmade ones. For example, since 1985, the rugs of Nalchik’s Gorianka factory have been exported to Canada, England, and the U.S. and are in great demand since they are made from natural wool and of a high quality. They also come in a wide variety of designs ranging from artistic and floral to national and children’s motifs.

At present in the Northern Caucasus, along with striving for active differentiation in art culture, there is also a desire to preserve unity in the ornamentation, style, and theme of vernacular art items. This often leads to local cultural features being erased and works of national art losing their originality. But their unique characteristics based primarily on the creative hand work of masters must be preserved to ensure that enterprises making vernacular art souvenirs are productive. The replicated style of folk art prevalent in machine-made items lowers the artistic and aesthetic virtues of the product being made. Studying these questions has great scientific and practical meaning, since it allows the correct approach to be taken when making use of the extremely rich experience of the past, as well as means of artistic expressiveness, decorative-technical techniques, forms of national art, diverse ornamental motifs, and thematic compositions, in contemporary practice.

The distinct and to a certain extent simple forms in folk creativity make its content easy to understand and also help to draw the individual into the creative process. The folk creativity of every nation has genres and forms in which the strongest traditions have developed. The uneven development of certain types of folk art is explained by specific features of the nation’s socioeconomic and everyday lifestyle, as well as its historically developed trends.

In a scientific study called *Ethnic Tolerance in the Polycultural Regions of Russia*, the authors singled out four strategies of inter-group interaction under polycultural conditions:

1. preservation of one’s own culture and acceptance of others;
2. search for and protection of one’s own cultural identity;
3. differentiation in keeping with ethnic and confessional traits; 4. search for social incorporation.

All the above-mentioned categories are aimed at preserving or acquiring a positive and clear ethnic identity, which is the basis of ethnic tolerance, as well as at balancing out the system of inter-
group interaction. These include social-psychological mechanisms for preserving ethnic cultures and achieving ethnic tolerance.\(^8\)

In this way, during the globalization of culture, which aims to develop universal spiritual-moral values, great importance is attached to art culture, an important task of which is not only to preserve one’s own ethnocultural values, but also to inculcate humanistic traditions of tolerant consciousness and behavior.

**Conclusion**

In today’s society, culture is becoming complex in structure due to its transformation from a relatively closed into an open system in which ethnic interaction, which is particularly intense in multinational states due to the external influence of a huge inflow of innovations, is beginning to function along with interaction with a particular nationality. Under globalization conditions, ethnic culture no longer represents an autonomous system, but still remains the basis of the nation’s culture, its nucleus. Without this nucleus, it is impossible to talk about the uniqueness of a culture, since uniqueness is not a mechanical combination of traits, but something derived from the roots of a system that has developed over the centuries. Any society, no matter how complex its structure, always possesses some “nucleus of culture” consisting of fragments of the picture of the world that are common to most subcultures.

The current cultural space of Kabardino-Balkaria is characterized by a new approach to using the traditional values of culture which includes active study of cultural heritage and religious values. The ethnic role of art is growing in today’s society to assume the nature of fundamental interaction among ethnic, interethnic, and universal components.

The contradictory features of today’s cultural situation are manifested in the diverse theories of Russia’s further development: assimilating Western and, primarily, American standards as quickly as possible, or vise versa, searching for a formula of national self-preservation in today’s globalizing world? Global integration is forcing the people of the world to take measures aimed at preserving and supporting national culture. In the era of global standardization of cultures, understanding the principal importance of retaining cultural and linguistic diversity requires carrying out a special policy aimed at preserving and developing ethno-national traditions in Russia’s polycultural space.

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AZERBAIJAN’S CULTURAL RELICS
IN THE GLOBAL CIVILIZATIONAL CONTEXT

Abstract

The authors take a look at the global civilizational context of Azerbaijan’s cultural relics and trace their historical origin in Karabakh and Western Azerbaijan.

Introduction

Azerbaijan is one of the oldest seats of civilization. Throughout its history, its people created a highly developed and original material and spiritual culture. Its contribution to the treasure-trove of world civilization cannot be overestimated. This article is the first attempt in national historical science to cover the geographical range of Azerbaijan’s cultural relics, which are all interconnected and an intrinsic part of the global culture.
Azerbaijan’s Earliest Relics

A fragment of a mandible of a hominid (Azykhanthropus) and traces of the pebble culture discovered in 1968 in the Azykh Cave (Fizuli District of present-day Azerbaijan) were two valuable additions to the history of world culture confirming that man lived there during the Paleolithic Age. They also meant that the ancestors of homo sapiens probably lived in Azerbaijan, as well as throughout the whole of the Central Caucasus and Asia Minor. Similar sites of ancient men were discovered in Africa.

The finds testify that Azerbaijan was one of the earliest seats of human civilization. A comparative analysis suggests that the local Mesolithic and Neolithic cultures were closely related to the Central Caucasian and Mediterranean cultures.1

The Taglar Cave, not far from the Azykh Cave, is an invaluable Neolithic monument with three cultural layers: two of them date back to the Mousterian, and the third, the upper one, to the Upper Paleolithic Age.2

The petroglyphic drawings of Gobustan can be described as absolutely unique and, therefore, very important. The early rock painting and other archaeological relics (ancient sites, settlements, burials, etc.) dated to different periods of earliest human history found in Beiukdash, Kichikdash, and Jingirdag-Iasyly Tepe were carefully studied.

The archaeological diggings of 1973 and 1983 at the Shongar site, which revealed stone Mesolithic implements, a small quantity of animal bone remains, and 26 chipped stone tools, allow us to describe it as one of the most exiting discoveries.3 The early petroglyphs universally recognized as works of art usually represent people and animals. Most figures are depicted in isolation or in group compositions (collective dances, collective labor, hunting, animal fights, wild animals attacking grazing cattle, and other scenes).

The Beiukdash and Kichikdash mountains are found in the coastal zone, which explains the numerous representations of boats, several types of fish, and fishing nets.

The pictures of boats dated to different periods, the archaeological finds from the Gobustan Stone Age settlements—stone sinkers for fishing nets, bone implements used to make fishing nets, as well as objects shaped as fish hooks and also fish bones—testify to the fact that as early as ancient times people were engaged in fishing as their main occupation. One of the petroglyphs that shows over 100 boats is another confirmation of this.

The earliest Gobustan boats date back to the late Stone Age; the latest boat representations were made during the early centuries of our era. There are lineal representations of wooden and wicker boats.4 When in Gobustan, Thor Heyerdahl, a well-known Norwegian scholar, discovered many common features between the local rock boat paintings and representations of Viking boats that were several thousand years older and concluded that the Azeri and Norwegians had common cultural roots.

The Norwegian scholar went even further in his surmises: “Azerbaijan, and not Europe, was part of the fermenting kettle of brewing civilization with navigators that spread early trade and cultural impulses far and wide. Many clues are still invisible about the human history prior to the sudden cultural bloom in Egypt, Sumer and the Indus valley some five millennia ago. But with advanced technology, some day the answers may be found under the sand and sea. The challenge for scholars is to look deeper into foreign relations in the region of present-day Azerbaijan to determine what those prehistoric roots and linkages were.”5

2 Ibidem.
The territory of Azerbaijan at the crossroads of the great historical routes that united the East and the West—the famous Great Silk Road—is rich in medieval cultural relics. The routes of trade caravans that crossed the country’s territory in all directions are dotted with hanega and zavii (dwellings of Sufi sheikhs) that speak of the huge role of the Muslim clergy in the sociopolitical and cultural life of Azerbaijan in the Middle Ages. The caravan-serais, ribats, imarats, and inevitable wells (ovdans) at each of them, which offered shelter and food to travelers and fodder and water to their cattle, were spaced along trade caravan routes at a day journey’s distance. Not infrequently ribats (large caravan-serais) were transformed into fortresses complete with towers and embrasures.

The Sanchagal imarat built on the order of Shirvanshah Halilallah I in 848 Year of Hegira (1439/40) 40 km from Baku is one such structure. The windowless building with thick high walls and semi-towers looks like a fortress. The caravan-serai also included a two-storied balakhana (guest premises) of five rooms, barn, and stables. A similar structure can be seen on the Baku-Shabran trade route on the slopes of the Beshbarmak Mountain.

Not infrequently caravans used multi-purpose constructions and various types of social-religious facilities with small caravan-serais nearby. Tombs and sanctuaries of sheikhs, imams, and great medieval scholars Pir Husain, Maulan Yusuf, Diri-baba, Tair Taj al-Huda b. Ali Madakani, etc., prominent in the country’s social and political life can be seen along the trade routes that connected Baku and Shemakha via Maraza and Saliany.6

Under the pressure of the sheikhs’ authority, the feudal lords had to bequeath considerable parts of their property as waqf and build cultic centers, especially along the trade routes. This tradition helped promote the religious and philosophical ideas of Azerbaijan in neighboring countries.

All feudal states concerned with cementing their authority and influence along the trade routes bequeathed considerable waqfs to religious organizations. The Mongolian rulers (ilkhans) and the khans of the Golden Horde embraced Islam to tighten their grip on power and performed pilgrimages to the religious centers of Azerbaijan. After visiting the hanega of Pir Husain, Khan Uzbek of the Golden Horde returned the property his troops, which raided Shirvan, had plundered. The memorial plaque above the entrance to the minaret at the Pit Husain hanera reminds us that Argun-aka not only funded its restoration, but also helped it in many ways.7

The historical territory of Azerbaijan abounds in cultural relics that testify to its status of one of the earliest seats of civilization.

Such are the monuments found on former Azeri territory: the medieval necropolis in the village of Urud in Zangezur (now the village of Oront, Sisian District of the Republic of Armenia); the cemeteries and tombs in the village of Jafarabad (the village of Argavang in the Republic of Armenia), the caravan-serai at Selim Pass in Zangezur (today the territory of the Republic of Armenia); and monu-


ments in the village of Alayaz. The stone monuments at the Urud cemetery shaped like rams and the inscriptions on them, together with the representations of deities (ongons) done in relief, are the best proof of the fact that Turkic artifacts were widespread across the Caucasian Albania, the historical territory of present-day Azerbaijan.8

Another monument of Azeri architecture—the mausoleum of the emirs of the Azeri Kara Koynulu state—is found in the village of Jafarabad. The twenty-sided building built of dressed tufa was 12 meter-high (not counting the now absent cupola). The wide frieze running under the cupola contained an Arabic inscription, done in large Naskh script with suls elements. The text said: “In the name of Allah, Most Gracious, Most Merciful! Koran, II-256. Supreme and most honorable amir Pir Husain, let (Allah) prolong his justice, former al-amir al-deceased, who achieved forgiving mercy, al-amir Sad, may he rest in peace, during the reign of supreme sultan, most honorable sovereign, sultan of sultans of the East and South, sovereign of the state and religion Pir Budag khan and Yusuf noyon, let Allah prolong their reign, all generosity (invested with nobleness and good morals), support of the sovereigns and sultans, refuge of the downtrodden and outcast, patron of the wise men and those craving knowledge, patron (helper) of the wandering dervishes and those taking the path of divine knowledge (mystics), glory of the state and religion, ordered for a blessed sepulcher to be built—date: 15 Rajab 816 Year of Hegira = 11.10.1413.”9

Another monument of Azeri architecture is also found in Zangezur, at Selim Pass. The T-shaped caravan-serai, a rare and therefore highly interesting architectural monument, has a gable roof of dressed stone slabs. Its detailed architectural description can be found in V. Sysoev’s Materialy Kavkazskoy arkeologii (Caucasian Archeological Materials) compiled in 1907 and 1908.

Inside, the building was divided into two premises; the main one stretched from the north to the east; the second, perpendicular to the first (in full accordance with the T-shaped plan), stretched from the left to the right. The first was 15 arshins long and 7 arshins wide; the second 45 arshins long and 21 arshins wide (1 arshin = 5 m 60 cm). There is an Arabic inscription over the door carved in stone.

The Arabic inscription was mounted while the caravan-serai was in the process of construction—an important and highly relevant fact. There is other proof that the monument was built by an Azeri architect: the shape of the stone, the carving technique and the paleographic features are identical to the inscription found above the entrance to the mausoleum of Yahya bin Muhammad (d. 704 Year of Hegira or 1305) found in the village of Mamedbeyli (Zangelan District, Republic of Azerbaijan), one of the points on the Great Silk Road. This inscription features the name of Maj ad-Din Ali, an architect and founder of the Karabakh architectural school of Azerbaijan. Several architectural details relate the caravan-serai at Selim Pass to the same architect, together with several other constructions found along the Arax River, on the Great Silk Road that connected European countries with the Middle East via Azerbaijan.

Choban Salduz-noyon, vizier of Abu Said, built the bridges at the confluence of the Arpachai and Arax rivers, as well as above Daralaiaz and in Koprukend on the Great Silk Road that connected the Middle East and Europe via Kars and Erzurum in Anatolia.

A place of veneration of Ahi Tawakkul is found in the village of Alayaz; it consists of the foundations of a ruined mausoleum and other ruined buildings. The stone stele bears what remains of an inscription in the Naskh script: “This is the burial (of the late) forgiven martyr (who needs the grace of Most High Allah) Ahi Tawakkul—may Allah forgive his sins (in the month of Muharram nine thousand fifty … year. Muharram 950 Year of Hegira = 6.4-6.5 1543).”10

Until 1918, the territory of Western Azerbaijan abounded in mosques, madrasahs, maqtabs, mausoleums, hanegas, and other cultic Muslim constructions. The State Historical Archives of the

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9 Ibid., pp. 66-67.
10 Ibid., pp. 58, 66, 71, 75.
Azerbaijan Republic contains information about the number of Azeris and the Turkic-Azeri names of the villages. Today, out of several mosques of the early 20th century—the Ancient Shakhar (city) Mosque, the Main (Gey) Mosque, the Hajji Novruzalibek Mosque, the Hajji Imamverdi Mosque, the mosque of Mirza Safibek, and the mosque of Hajji Jafarbek—only the Main (Gey) Mosque remains standing in the city of Irevan (Erevan). The Armenian authorities transferred the surviving mosque to the Iranian embassy.\textsuperscript{11}

Until 1915, there were 38 Shi’a mosques in the Zangezur District alone; the entire Irevan Gubernia contained 382 Shi’a and 9 Sunni mosques.\textsuperscript{12} There were also mosque parishes functioning as village councils that registered births, deaths, marriages, etc.

In 1885, the Irevan District of the Irevan Gubernia (the territorial-administrative division of the Russian Empire) had 2 Sunni parishes that served 238 Azeri households. Five mosque parishes that served 2,016 households functioned in the Novo-baiazet District of the same gubernia; there was one parish with 312 households in the Alexandropol District of the same gubernia; in the Sharur-Daralagez District, one parish united 142 households; in the Surmali District, one parish served 817 households.\textsuperscript{13} By 1891, the number of mosque parishes in the Novo-biazet District had increased to 19; in the Sharur-Daralagez District to 44; and in the Etchmiadzin and Alexandropol districts to 22.\textsuperscript{14}

It should be said that the Armenian authorities are resolved to appropriate all the cultural relics and wipe away all the historical Azeri toponyms. For some strange reason neither state figures, nor Armenian academics have tried to change the proper names and family names of obviously Azeri origin, such as Ataian, from the Azeri “ata” (father); Balaian, from “bala” (child); Kocharian, from “kochari” (nomad); Kaputikian, from “gapytikian” (door maker), etc.

Burial monuments shaped like chests, steles, stone horses, and rams dated to the 14th-19th centuries with Arabic, Persian, or Azeri inscriptions and representations of different objects in relief on them bear witness to various sides of everyday life, are related to the local toponymics, history of folk medicine, and ethnogenesis of the Azeri nation, and shed light on other sides of the medieval culture of Azerbaijan. The epigraphic and artistic representations on these monuments from Karabakh allow us to identify the places where the earliest Turkic tribes were concentrated in the Central Caucasus, which played an important role in the ethnogenesis of the Azeris.

The stone horse-shaped monuments in the village of Malybey (Lachin District of Azerbaijan) carry symbols of the Sun and a human figure holding a bird in his right hand. The ancient Turkic tribes venerated the Umai deity as the patron of children. The traditional representation of a man with a bird on monuments and other constructions was intended to preserve them. Stone horses with similar figures done in relief can be seen in the village of Giuliaibird of the same district.

A hanega and the eight-sided mausoleum of Sheikh Baba Yaqub (the 13th century) is found in the village of Baba (Fizuli District), 6 kilometers away from the Goradiz railway station. According to medieval sources, the sheikh lived in Arran, was highly respected as the leader of a popular movement that fought the feudal lords and Mongolian invaders.

\textsuperscript{11} See: V.A. Kulieva, op. cit., p. 178.
\textsuperscript{12} See: Ibid., p. 183.
\textsuperscript{13} State Historical Archives of the Azerbaijan Republic (SHAAR), rec. gr. 291, inv. 4, f. 211, sheet 2.
\textsuperscript{14} SHAAR, rec. gr. 290, inv. 3, f. 1574, sheets 21, 22, 44, 45, 48.
The mausoleum of Yhya ibn Muhammad al-Hoja (d. 1305) is found in the Mamadbeyli village (Zangelan District) on the Great Silk Road. A mausoleum and parts of the foundation of the Ashadanbaba mausoleum built by Azeri architect Ahmed bin Ayiub al-Hafiz an-Naxcivani can be seen in Bard.

A hanega and a round mausoleum of Shyhbaba are found in the Shykhlar village (Jebrail District), another point on the Great Silk Road. The mausoleum is part of a medieval necropolis. Sheikhzade Sheikh abd as-salam bim Sheikh Giyas ad-Din is buried not far from the mausoleum; it is encircled by steles on the burials of the sheikh’s followers. Paleography, the content of the inscriptions and carving techniques, as well as the artistic decorations on the steles date the Sufi hanega of Qadiriya to the 13th-14th centuries.

The old cemetery in the Hojaly village (Jebrail District) produced a fragment of an inscription done in large and elegantly shaped suls. Two more steles were found close to the cemetery on the road. Their upper parts bore animal representations (ibexes, mouflons) and various tamgas that resembled the rock paintings of Gobustan and Absheron.

A medieval necropolis with a ruined mausoleum surrounded by gravestones of varied artistic styles is found on the Diridag Plateau (Jebrail District). The inscriptions date them to the 14th-15th centuries; two figures close in style to monuments from Azerbaijan’s other piedmont districts are found in the same cemetery. The State Historical Architectural Museum and Reserve “The Palatial Complex of the Shirvanshahs” has similar figures brought there from the Iardymlin and Lerik districts. Similar gravestones can be seen in the Terter District.

The complex of architectural monuments Imaraty in the Agdam district center has gathered a good collection of 16th-century gravestones shaped like chests with a stylobate from medieval necropolises.

Stone gravestones of the 16th century shaped like horses and chests can be seen in the Lachin District, the Shalva valley, to the left of the road leading toward the Agoglan temple. The paleography, verses in Azeri, and everyday scenes done in relief belong to the school of artistic stone carving and calligraphy still functioning in the piedmont of Azerbaijan.

A chest-shaped gravestone dated to 1024 Year of Hegira (1615) can be found at the site of an old necropolis (the Akhmedallar village, Fizuli District); the Kargabazar village can boast of the Gias Dina Mosque (locally known as the Shah Abbas Mosque) set above the Shah Abbas caravan-serai on a high rock.

A three-line long Arabic inscription informs all who approach the spring in the village of Kargabazar that the pipe system was built by Gianjali, son of Amir of Kargabazar, in 1305.

The inscription on one of the two mosques in Shusha says that they were built by architect Kervalal Safi khan of Karabag. His name can be seen on the mosque in Bard, the Fizuli district center, Agdam, several neighborhood mosques in Shusha, and civilian buildings elsewhere in Karabakh. The inscriptions on the Tartar Mosque in Odessa and the Karabaglar Mosque in Ashghabad (all of them dated to the latter half of the 19th century) also mention his name.

The settlement pattern of the early Turkic tribes, which played an important role in the ethnogenesis of the Azeris, is confirmed by the epigraphic and specific designs on the monuments of Karabakh described above and on the Urud gravestones of Zangezur. They all belong to the same school of artistic stone carving and calligraphy. The gravestones with all sorts of everyday scenes on them and inscriptions in Arabic scripts testify to the fact that the everyday life and culture of the population of Siunik (now in Armenia) was identical to the life and culture of other regions of Azerbaijan, which means that this territory belonged to Azerbaijan. Some of the inscriptions clarify the origins of Azeri toponyms. The 14th-19th century inscriptions mention sheikhs, scholars, pirs, heads of all sorts of sects, etc., whose names are connected with the local place names. There is the village of Shykhlar in Zangezur; Shykhbabaly, Pirjamal and Pirabulkasum in the Shusha District; Pirakhmedly in the Fizuli District; and Shykhova in the Gubadly District. These places preserved the medieval titles and lakabs
of theologians and heads of religious sects (pir, sheikh or shykh) as part of their names. In the Middle Ages, ideological followers (sheikhs) of prominent theologians were buried next to them, thus giving the nearby village its name. This explains how the toponyms appeared on the historical territory of Azerbaijan.

Conclusion

The Azeri cultural monuments and relics are of worldwide importance; they played a great role in shaping human civilization.

They also serve as a remainder that the Azeris, who have been living on the territory of the Azerbaijan Republic from time immemorial, are an autochthonous Caucasian people with a rich history and amazingly diverse cultural heritage.

See: M.S. Neymat, V.A. Kultieva, Ob'ekt armianskogo terrora—pamiatniki material'noy kul'tury azerbaidzhanskogo naroda, Baku, 2007, pp. 31-38.

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THE CAUCASUS AND THE CASPIAN
IN THE GREAT GEOSTRATEGIC GAME ON THE EVE OF AND DURING WORLD WAR II (GEOHISTORICAL ESSAY)

Abstract

The author has chosen a geo-historical approach for looking at the main events which were part of the Great Game in the Caucasus and the Caspian on the eve of and during World War II. He describes such key elements as the secret maneuvering in the Caucasus between the wars; the British-French military-strategic plans in the Caucasus during the Phony War of 1939-1940; Germany’s attempts to make a “geostrategic breakthrough” in the Caucasus in 1941-1943, as well as the “cold” continuation of geostrategic rivalry between the Soviet Union and the West in the Caucasus and the Caspian immediately after World War II.
The second quarter of the 20th century was marked by acute geopolitical rivalry in the Caucasus, one of the world’s key geostrategic and geoeconomic regions. It was, in fact, a logical continuation of the long geohistorical process that had been unfolding for two hundred years across Central Eurasia, a vast and very important region. It is not by chance that classic of German geopolitics Karl Haushoffer marked the Caucasus on the world map as “a zone of hostilities on the borders of the two continents.”

The region’s Sovietization in the early 1920s considerably increased the geopolitical importance of the Caspian and especially the Caucasus, the giant natural bridge between Europe and Asia, for the Western powers. It was then that many of them (and Eastern countries as well) betrayed their great interest in the area, and Baku oil in particular. In this way the Caspian and the Caucasus became objects of the Great Geostrategic Game resumed between the wars. It was then that the general staffs of all the leading Western powers set themselves the task of rending the oil-rich Caucasian areas from the Soviet Union to set up an independent oil-producing state.

In the 1930s, Poland became very involved in the Caucasus: in the mid-1920s, its special services, the 2nd Department of the General Staff in particular, established contacts with the leaders of the Caucasian émigrés who settled in Turkey. The Polish General Staff planned that as soon as Germany attacked the Soviet Union, Poland would move ahead to support the guerrillas, who, it was believed, would immediately start operating in the Caucasus.

Japanese intelligence did not trail far behind: together with the Cabinet’s plans for Turkestan, Yakutia, and Mongolia, it entertained certain ideas in relation to the Caucasus. Late in the 1930s, it increased its involvement in the Soviet Union’s south using the territories of Turkey, Iran and Afghanistan as footholds. Like their Polish colleagues, the Japanese agents developed good contacts among the Caucasian émigrés to use them, when the time came, for carrying out acts of subversion, brainwashing the Soviet people, and knocking together guerilla units in the event of war. The Japanese were especially interested in subversive activities at the Grozny and Baku oil fields, oil storage reservoirs, and refineries; they also investigated the possibility of preventing fuel transportation via the Caspian to the mouth of the Volga. The Japanese did not spare words to explain to their Caucasian émigré contacts that a well-prepared uprising in the Caucasus would lead to the establishment of a Caucasian government that Japan and Germany were prepared to immediately recognize.

Fascist Italy was also interested in the Caucasus; it followed the well-trodden road of establishing contacts with the Caucasian émigrés; its special services were busy gathering information about the situation in the Soviet Transcaucasia; they wanted to know whether it would be possible to supply

2 See: L.F. Sotskov, Neizvestnyi separatism. Iz sekretnykh dos’e razvedki, Ripol Klassik, Moscow, 2003, pp. 16-17, 82.
3 See: Ibid., pp. 98, 104, 132.
Caucasian insurgents with weapons, ammunition, and uniforms; they went as far as investigating the possibility of moving Italian regular units to the Soviet border with Iran and Turkey under the guise of agricultural workers and lumbermen.4

Turkey never abandoned its strategic interests in the Caucasus, which went back many centuries; in the 1920s, the Western countries, in turn, approved its Caucasian plans. The French ambassador in Ankara reported to his foreign ministry that due to its geographic location, ethnic and religious kinship, and its former presence in the region, Turkey was the right country to help reorganize the Caucasus. The French diplomat was convinced that Turkish domination (which was expected to replace Soviet power) would have been obvious progress and would have promoted Western interests in the Caucasus. The British government seemed to be of the same opinion: at least it did not object to Turkey’s future presence in Ajaria, part of Armenia, and Azerbaijan (as far as the Kura River). Had this happened, the Turkish government could have expected loans to develop the newly acquired territories.5 It was believed that if Turkey entered the Caucasus, Azerbaijan would rise against Soviet power and the armed uprising might spread to Central Asia.

In the summer of 1932, the Turkish General Headquarters (the military intelligence department) deemed it necessary to extend technical assistance to the Caucasian émigrés engaged in setting military-reconnaissance points along the Soviet border.6

Late in July 1941, that is, after the German invasion of the Soviet Union, a resident of the People’s Commissariat for State Security in Turkey informed the Center that the Turkish government, wishing to keep its plans and interests in the Caucasus secret, was instructing the corresponding services “to prevent all sorts of legal activities of the émigrés and avoid any actions that could be interpreted as hostile to the Soviet Union.”7 The Turkish leaders were obviously reluctant to worsen good-neighborly relations with Moscow before it was necessary, particularly since the Soviet Union supported Turkey’s new image and its leader Mustafa Kemal Atatürk whenever the going got tough. Hasty and risky moves were unwise. At the same time, Turkish Ambassador to Persia Shevket told M.E. Rasul Zade of his country’s strategic plans regarding the Soviet Union in very clear terms: “Turkey wants to preserve a buffer of Caucasian republics between itself and Russia. Russia beyond the Terek and Derbent is what defines our policy.”8

The West intended to use the Cossacks’ traditional hostility toward the Center in its struggle for the Caucasus. This shed new light on the meeting between Colonel Lawrence of Arabia (who was engaged in gathering intelligence about the Soviet Union while in Peshawar and Karachi in 1925-1929) and Major-General I. Bykadorov, leader of the Free Cossacks, who promoted the idea of an independent state on the Don, so-called Cossackia. The British agent suggested that the British establish their protectorate over the Transcaucasus, Daghestan, Abkhazia, and the Northern Caucasus, while the old territory of the Don, Kuban, Kalmykia, Stavropol area, the Terek shores, the Crimea, the Lower Volga, and the Orenburg area could be united into a state of “new Cossacks’ allied with Britain.”9 The ambitious project was abandoned when the British colonel died in a road accident in May 1935.

Britain expected to pave its way to the Persian Gulf, Iraq, and the Iranian oil fields by gaining control over the Caucasus.

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4 See: Ibid., p. 146.
5 See: Ibid., p. 32.
7 Ibid., p. 13.
8 Ibid., p. 105.
9 See: Ibid., p. 62.
The battle of giants, as World War II can aptly be described, increased the value of the Caspian and the Caucasus (the Baku oil-producing area in the first place) for both sides—the Axis Powers and Britain and France, the Axis’ main adversaries. Military-strategic considerations were inseparable from military-economic reasons: the unfolding “war of engines” suggested that the sides, primarily Germany, should strive for control over the Soviet oil-producing areas. Baku was the obvious target: it produced two-thirds of Soviet oil. Its high grade made it even more attractive to the warring sides, who needed fuel for their armored and aviation units. While Germany wanted to capture the Baku, Grozny, and Maykop oil fields intact, Britain and France were set on preventing this.

After signing the agreements of 23 August and 30 September 1939 with Germany, the Soviet Union began supplying it with large amounts of oil and petroleum products, while France and Britain, in turn, tried to neutralize the strategic effects of the countries’ economic cooperation. According to the Eastern Europe and Russia Today journal (Vol. 3, No. 1, Spring 1939), Britain had its own ideas about the future geopolitical developments in the Caspian region and the Caucasus: those who would come to power in the Caucasian Isthmus would be able to close the Volga River leading to Central Russia, thus gaining control over the truncated territory of what was Greater Russia. By the same token, this power would gain good access to the Persian Gulf, Iraq, and Iranian oil fields. None of the great powers could afford the luxury of a new world power entrenching itself on the Caucasian Isthmus. The article said, in part, that a union of states (Georgia, Armenia, and Dagestan), set up and properly recognized, would have played into the hands of all the interested powers, that is, Turkey, Iran, Britain, and Ukraine, as well as the Axis Powers and truncated Greater Russia. The Caucasian Union of States, said the document, could have been neutralized by reaching an agreement among the interested powers, both great and small.10 By way of comment on the British train of thought, Alfred Rosenberg, the future Reich minister for the Occupied Eastern Territories, concluded that the British would prefer to divide the Caucasus if the Soviet Union fell apart, rather than letting any of the powers (particularly Germany) entrench itself there.11 The fact that Azerbaijan was left outside the planned Caucasian Union says that the British were nurturing their own plans regarding it and its oil.

Alfred Rosenberg believed that Germany should seek a stronger position in the region “to ensure security for continental Europe.”12 “Its access to the oil sources will make Germany and the whole of Europe independent of any future coalition of maritime powers.” He went on to say: “Political and military domination in the Caucasus and its southern neighbors is the final aim of German politics.”13 Rosenberg spoke a lot about the Caucasus’ geopolitical importance and concluded: “The Caucasian task is a political task first and foremost. It means extension of continental Europe led by Germany from the Caucasian Isthmus to the Middle East.”14 This means that the Caucasus was seen as a foothold for making a geopolitical leap to the Middle East.

Classified documents of the French General Staff the Germans captured in Paris in June 1940 and deliberately published revealed the fact that, engaged in war preparations against the Soviet Un-

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10 See: “‘Kavkazskaia papka’ Alfreda Rozenberga,” Vozrozhdenie—XXI vek (Baku), No. 10, 1998, p. 64.
12 Ibidem.
13 Ibidem.
14 Ibid., p. 67.
ion in 1939-1940, France and Britain were planning an invasion of the Caucasus and occupation of the Baku oil fields. The Abwehr undoubtedly received the relevant intelligence.\textsuperscript{15} This is confirmed by what F. Halder, Chief of General Staff (OKH), wrote in his diary on 6 March, 1940: “We should transfer our intelligence to the Russians about the accumulation of forces (of Western powers) in the Middle East.”\textsuperscript{16}

The military-political circles of Britain and France were prepared to bomb Baku or even capture it because, under the Soviet-German Non-Aggression Pact of 23 August, 1939 and the German-Soviet Boundary and Friendship Treaty of 28 September of the same year, the Soviet Union was supplying Germany with oil, the “blood of the war.” In his report of 22 February, 1940, General Maurice Gustave Gamelin, the French commander-in-chief, informed Prime Minister Édouard Daladier that Baku was supplying 75 percent of Soviet oil and, if deprived of it, “the Soviets will find themselves in a crisis.”\textsuperscript{17} Another document drawn by the French General Staff in March of the same year said: “The Russian economy depends on Caucasian oil. This is its weakest point. Its armed forces and agriculture depend on it entirely.”\textsuperscript{18} General Charles de Gaulle wrote in his War Memoirs: “Certain circles took Stalin for the enemy not Hitler. They were more concerned about striking at Russia either by coming to the aid of Finland, or bombing Baku, or landing in Istanbul rather than with the question of how Germany could be defeated.”\textsuperscript{19}

As early as October 1939, American Ambassador to Paris William Bullitt informed Washington that the possibility of “bombing and destroying Baku” was discussed in Paris.\textsuperscript{20} Y. K. Karaosmanoglu, the wartime Turkish ambassador to Switzerland, reported to Ankara: “Every time I meet the French ambassador he says to me: ‘Your army is 25-30 divisions strong. Our Middle Eastern army is 500 thousand-strong. Add to this the strength of the allied fleets. If we capture Russia’s oil region (Baku.—P.D.) in five or ten days, we shall leave the Red Army’s motorized units without fuel.’”\textsuperscript{21} French generals believed that this operation would not merely undermine the Soviet Union’s economic might—it would “bring down the Soviet regime.”\textsuperscript{22} Turkey, in turn, as French Ambassador René Massigli informed Prime Minister Daladier “would take pleasure in participating in an allied attack on Baku via Iran.”\textsuperscript{23} Germany’s stronger influence in Iran made the plan unrealizable.

Meanwhile, in the early 1940s having established “cordial relations” with the Italians along the border of their colonial possessions with Ethiopia the British-French command began building up forces at the strategic approaches to the Soviet Caucasus.\textsuperscript{24} On 19 January, 1940, Prime Minister Daladier who, according to William Bullitt was convinced that bombing Baku was “the most effective way of crippling the Soviet Union,” issued a written order to General Gamelin and Admiral of the Fleet François Darlan to draw up a plan of “invasion of the Caucasus” and “destruction of Russia’s oil production.” The prime minister offered three ways of attacking the Soviet Union from the south: (1) military operations in the Black Sea; (2) invasion of the Caucasus; and (3) a possible Muslim uprising in the Caucasus.\textsuperscript{25}

\textsuperscript{16} Ibid., p. 306.
\textsuperscript{17} V. Agaev, “Bakinskaya neft v planakh zapadnykh derzhav,” \textit{Gün-Ay} (Baku), 19 April, 1995.
\textsuperscript{18} Ibidem.
\textsuperscript{19} Ch. De Gaulle, \textit{Voennye memuary}, Moscow, 1957, p. 61.
\textsuperscript{20} V. Agaev, op. cit.
\textsuperscript{22} E.B. Cherniak, \textit{Zhandarmy istorii}, Moscow, 1969, pp. 432-433.
\textsuperscript{24} See: \textit{Sovremennye mezhdunarodnye otnoshenia i vneshniaia politika Sovetskogo Soiuza}, Moscow, 1974, p. 106.
\textsuperscript{25} See: \textit{Sovremennye mezhdunarodnye otnoshenia i vneshniaia politika Sovetskogo Soiuza}, Moscow, 1974, p. 56; Kh.M. Ibrahimbeyli, op. cit., p. 28.
In the report General Gamelin presented to Daladier and then Paul Reynaud, who replaced Édouard Daladier as prime minister, he pointed out: “Military actions against the Caucasian oil fields should be aimed at the most vulnerable spots of the local oil industry. They are industrial centers and places where oil is stored or accumulated for transportation. There are three of them: Baku, Grozny-Maykop, and Batumi. Grozny-Maykop is situated on the northern slope of the Caucasian Mountain Range and is too remote to become a target of armed attacks or even bombing. Baku and Batumi are left as the two potential targets.”

On the strength of the information supplied by Franz von Papen, the German ambassador to Turkey, the German diplomatic circles believed that “France wanted to help Finland (involved in the war with the Soviet Union.—P.D.) by attacking Baku.” Judging by what General Halder wrote in his diary on 26 February, 1940, the German General Staff had strong doubts about this.

Meanwhile, General Bergeret of the French Air Force familiarized Captain P. Stelan, who was dispatched to Finland, with the map of the planned operation and informed him that the offensive on Baku would be launched from the Middle East and would develop northwards “to meet the armies pressing in from Scandinavia and Finland toward Moscow.”

To carry out invasion of the Caucasus and deliver strikes on Baku’s oil-rich areas, the French concentrated a 150 thousand-strong army with over 100 aircraft in Syria. In view of the large distance of 500 km that separated Baku and the Turkish border and the considerable difficulties of carrying out a land offensive from Turkey, the French General Staff selected northwestern Iran, that is, Southern Azerbaijan, as the operation’s most suitable starting point.

This could not be implemented, however, without Iran’s agreement. A country that pursued a pro-German policy could hardly accept the plan. There was another difficulty: the allies had to move large numbers of troops to the line of attack. After a while it was decided to deliver air strikes on Baku from the air bases in Turkey (Diyarbakir-Van-Erzurum), or in Syria and Iraq.

The French expected Turkey to be actively involved in the “Caucasian operation.” On 12 March, 1940, General Gamelin wrote in his directive addressed to General Maxime Weygand: “The British should command the action in the Middle East; the Turks will command the Caucasian operation. The latter will be carried out by the Turkish armed forces together with aviation and probably the allies’ special units. To discuss this you can contact Marshal Çakmak and take part in the preparations for the Middle Eastern action. I have sent you a courier with details about the Caucasian operation.”

General Weygand had a plan of his own, according to which (he claimed) he could occupy the Caucasus with additional forces and two hundred planes and would penetrate Russia like “a hot knife into butter.”

Impressed with Germany’s military achievements and because of the end of the Soviet-Finnish war, Turkey and Iran switched to a wait-and-see policy and maneuvers between the sides.

At the same time there was no agreement among the top French brass about military operations far removed from Western Europe, the main theater of war. While General Junot, assistant to General Weygand, French commander-in-chief in the Middle East, said to Air Minister André Laurent-Eynac: “I need aviation. Give it to me: the outcome of the war will be decided in the Caucasus, not on the Western Front… We shall not fight in the West, we shall fight in the Caucasus,” General de Gaulle...
was convinced that the allies should concentrate their forces on the Western Front, where France’s future was being decided. In 1940, however, those who supported the Phony War and the war in the East prevailed.

Britain nurtured more or less similar plans; earlier, in 1918-1919, it had already played a great role in the military-political events in the Southern Caucasus and the Caspian. British Ambassador to Moscow R. Stafford Cripps believed that had his country destroyed the Baku oil industry, it would have delivered a “crippling blow” to the Soviet Union, because, he argued, “economically, Russia greatly depends on oil deliveries from Baku to wage the war. The area is within the reach of long-range bombers based in Iran.”34 F. MacLean of the U.K. Foreign Office, who specialized in the Soviet Union, was convinced that British and French aviation “could seriously damage the oil fields and refineries in Baku and the Northern Caucasus, the oil pumping stations in Batumi and Baku, and the oil pipeline between them.”35

By the end of October 1939, Minister for Coordination of Defense Lord Chatfield sent a governmental report to the Committee of Heads of Staff about vulnerability of Russia’s oil-producing regions which said, in part, that there were three major oil-producing centers in the Soviet Union: Baku, Grozny, and Maykop. If they were destroyed, the report said, which could be easily done since all of them were of the spouting type, not only Russia, but any of its allies that depended on it for its oil, would be deprived of it.36 The report contained a list of the best bases for bombers planning to bomb the Caucasian oil-producing regions and indicated the distances.

Iran (Igdir, separated from Baku by about 144 miles, and Ardebil, by 168 miles) and Turkey (Kars, by 260 miles, and Igdyr, by 312 miles) were believed to be best choice. Grozny could be easily reached from Iran (Iranbidi was 336 miles away) and from Turkey (Kars was 235 miles away); Maykop could best be attacked from Iran (Iranbidi was 516 miles away) and from Turkey (Trabzon was 255 miles away). The authors were fully convinced that the destroyed Caucasian oil fields would “deprive the potential enemy of the carburetor that fed the mechanism.”37

In its telegram to British Ambassador to Ankara Hughe Knatchbull-Hugessen, the Foreign Office informed him that “it was discussing an attack on Baku as part of the general strategic and political plan. If realized, the attack would mean war with the Soviet Union.”38 The Headquarters of the British RAF believed that three wings of bombers, operating for six weeks to three months, would be enough to destroy the oil industry.39 Large-scale maps of the largest oil-producing centers of the Caucasus and Soviet ports were produced; attack targets were marked on them together with the number of bombs to be dropped on each of the targets and the schedule of aircraft sorties.40

Generals Wavell, Weygand, and Gamelin were busy drawing up plans of invasion from the south, from Iran among other places; they included Iranian armed forces into their plans of action against the Red Army.41

On 7 March, 1940, Commander of the British Air Force in the Middle East Air Marshal Mitchell met General Weygand, commander of the French army in Syria, in Beirut on his way to Ankara. He informed him, among other things, that London had instructed him to get ready for a possible bombardment of the Baku oil fields and the Batumi refineries. He added that he intended to ask Turkish

34 V. Agaev, op. cit.
37 Ibidem.
38 Kh.M. Ibrahimbeyli, op. cit., p. 29.
40 See: Ibid., p. 29.
41 S.L. Agaev, Germanskiy imperialism v Irane, Moscow, 1969, p. 88.
Commander-in-Chief Marshal Çakmak for permission to reconnoiter the Diyarbakir-Erzurum-Kars-Lake Van area to identify transient airdromes. In his report On the Conduct of War dated 16 March, 1940, General Gamelin, in turn, pointed out that the French troops could rely on the Turkish troops operating in the Southern Caucasus, while Great Britain could have shouldered the initiative to use Iranian territory for land operations in the south of the U.S.S.R.

The French government entrusted General Weygand with conducting negotiations about the British-French military operations in the Caucasus with Marshal Çakmak, head of General Staff of the Turkish Army, who, as General Weygand put it in his memoirs, “did not reject any of the hypotheses.”

Turkey, however, showed a lot of caution and no desire to openly support the British-French plans to attack the Soviet Union. Under the October 1939 British-French-Turkish treaty, Turkey was not bound by joint military-political obligations to act in a way that might draw it into an armed conflict with the U.S.S.R. as a result or as a repercussion of such action. The French ambassador to Ankara, however, informed his government that he did not expect any objections from the Turkish side to the war preparations against the Soviet Union.

By the spring of 1940, Britain and France came forward with two detailed and very similar plans for the future war in the Caucasus—MA-6 by the former and RIP by the latter. The military command of both countries agreed that 90-100 aircraft (5 groups of American Glenn Martins and four groups of British Blackheim bombers) would be enough to deliver the air strikes on the Caucasian oil fields. The aviation was expected to operate during the daytime and at night at different heights. Everything was planned ahead: 15 days to destroy Baku, 12 days for Grozny, and 36 hours for Batumi. The MA-6 authors, ardent supporters of Italian General Douhet’s aerial warfare doctrine, predicted that, if successful, the operation “might determine the course of war.”

It should be said that the allies went ahead with their war preparations even after the end of the Soviet-Finnish war. The British Cabinet spent 12 March, 1940, the day the warring sides signed the peace agreement, discussing the report of the heads of staff about possible repercussions of the war against the Soviet Union. The British ambassador to Turkey was informed by a ciphered telegram that “we are discussing a possible attack on Baku and a war with the Soviet Union as part of our strategy and policy.”

War preparations were in full swing: on 20 March, 1940, the British and French commanders met in Aleppo (Syria) and confirmed that by June 1940 twenty airdromes of the first category would be ready. On 17 April, General Weygand informed General Gamelin that by late June-early July 1940 the allies would be prepared to deliver air strikes on the Caucasus. General Weygand was to coordinate preparations with General Wavell, commander-in-chief of the British troops in the Middle East, and Admiral Cunningham, commander-in-chief of the British Mediterranean Fleet.

On 27 March, 1940, First Lord of the Admiralty Winston Churchill, when speaking at a sitting of the War Committee, described the Baku oil fields from the military-economic point of view. At the same time, both Churchill and prime Minister Chamberlain were convinced that instead of bombing Baku a submarine operation should be launched in the Black Sea to undermine oil transportation from the Soviet ports. The next day, the Supreme War Council, a joint British-French structure, discussed
the Caucasian operation, which would primarily involve aviation and the fleet. This meant that the Caucasus would be attacked from the west and the south by aviation and the navy. In April 1940, the Ministry of Aviation, on instructions from the Cabinet, drew up a plan of surprise and massive bomb strikes on Baku, Batumi, Tuapse, and Grozny.

The Soviet military command, which was kept informed by its intelligence and by “friendly” Germany, which had its own plans for the Caucasus and Baku, took countermeasures. In 1940, the 3rd air defense corps stationed in the Baku oil-producing area received recruitments in the form of the newly-arrived 27th air division of the High Command Reserve. Here are the tell-tale figures: while at that time Berlin was covered by 261 guns of 88 mm and larger caliber, Baku had 420 guns of medium caliber.

Meanwhile the April 1940 Blitzkrieg in Denmark and Norway and the May-June powerful offensive of the German army on the Western Front, which forced France to capitulate and the allied expeditionary course to pull out in haste from Dunkirk, shelved the allies’ Caucasian plans. Under the treaty between Berlin and the Vichy government, General Weygand’s Middle Eastern army was neutralized.

When appraising the military-strategic plans of Britain and France in the Caucasus in 1939-1940, we tend to agree with British military historian B.H. Liddell-Hart, who described them as a conglomerate of fantasy and idle dreams of the allied leaders, who remained in the world of their illusions until shaken into reality by Hitler’s onslaught in May 1940 in Western Europe that brought France down and threatened Britain.

Germany’s Geostrategic Dash to the Caucasus: Plans and Results

The Caucasus was Nazi Germany’s geopolitical priority in World War II. Having captured it, Germany would have been able to go ahead with its military strategic plans that included control over the Persian-Arab expanse in the Near and Middle East as a step toward world domination. On 13 July, 1941 (three weeks after the Eastern campaign unfolded), Heinrich Himmler, speaking in Stettin in front of the Replacements of Kampfgruppe Nord, described the war as a struggle “against the same under man [Untermensch] and the same lower races that in the past were known as the Huns, later, one thousand years ago, during the times of the Holy Roman Empire of the German nation and of King Otto the Great came from the East as Magyars, and later still as the Mongols led by Genghis Khan. Today the Russians with their political declarations of Bolshevism play the role of the same barbarians.” The German political leaders and OKW commanders planned that their southeastern campaign would proceed in three stages, each requiring special measures to be applied to the region’s states (Turkey, Iran, and Afghanistan), pressure on the Eastern Front, and subversion in the enemy rear to destabilize the situation in the future theater of war.

The Caucasus should have been captured at the first stage, while Central Asia was expected to fall at the second stage to open the road to India, the target of the third stage. This would have brought the German army to Burma to join the Japanese army; these moves would have allowed Germany to establish its control over a larger part of the Eurasian geopolitical expanse.

51 See: Kh.M. Ibrahimbeyli, op. cit., p. 29.
52 See: Komsonol’skaia pravda, 7 January, 1971.
54 See: Istoria vtoroy mirovoy voyny, Vol. 3, p. 44.
In Northern Africa Germany planned a dash across the Suez: Field-Marshall Rommel together with his Afrika Korps was expected to break into Syria and Iraq to complete the first stage to unite the Caucasian and Libyan fronts.

The Caucasus, and Baku in particular, was the main geopolitical aim of Nazi Germany: the most destructive war in the history of mankind demanded a lot of oil, the “blood of war,” which accounts for the military-strategic importance of the Caucasus and the Baku oil region for both sides. No wonder those wishing to join the SS Junker School in Braunschweig had to answer several questions, including: “Where is the city of Baku situated and what is its role in the Soviet economy?”

Baku oil would have allowed the Germans to keep the motorized units of the Wehrmacht, SS, and the Luftwaffe supplied with fuel; they would have been able to move into the Near and Middle East and reach India. Hitler said more than once that without the Caucasian oil the war would be lost.

In November 1940, the Economics and Armaments Branch of OKW began drafting its plan for using, from the very first days of the war against the Soviet Union, its economic resources for military aims. The Caucasian oil region received a lot of attention: it and the Volga delta were two major targets of the future Eastern campaign.

These targets were included in Plan Barbarossa: on 4 May, 1941 deputy commander of Operations Staff of OKW General Walter Warlimont stressed that the High Command of the Armed Forces was especially interested in the Baku oil region and pointed out that Germany could have covered its needs for oil only with Caucasian oil. The same day, Hitler approved the Plan of the Defense of the Country Staff of OKW for Capturing the Caucasian Oil-Rich Areas.

Back in the spring of 1941 the Westphalen Headquarters was set up within the Economic Oldenburg Headquarters to organize oil production at the Baku oil fields. On 16 July, 1941, when the war against the Soviet Union had already begun, a conference at Führer’s headquarters decided that the Baku area should become a German concession.

According to Alfred Rosenberg, one of the main Nazi ideologists, “the country’s [the Caucasus’] mountainous nature disunited the people… none of the Caucasian nationalities had enough strength to ensure its continued independent existence. Peaceful work and political balance are possible only under the patronage of a strong and great power.”

The Germans counted on the region’s ethnic diversity. As Göring pointed out in his Green Folder, “the contradictions between the natives (Georgians, Armenians, Tartars [by whom he meant the Azeris.—P.D.] etc.) and the Russians should serve our interests.” The Germans were prepared to lay the “Islamic card” on the table. According to SS-Sturmbannführer Meyer, a German resident in Iran, the Islamic factor could be used against the allies. He suggested that an “Iranian Islamic Committee be set up to maintain contacts with similar movements in Iraq and Palestine, and then in Afghanistan, Egypt, Syria, India, and South Russia. A well organized movement with the right to issue orders on the strength of religious postulates would make it easier to start a jihad.”

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57 H.M. Ibrahimbeyli, op. cit., p. 278.
On 3 June, 1943, a meeting at Hitler’s mountain residence discussed the problem of enlisting deserters and pows in special units. General Field-Marshall Keitel, Lieutenant-General Schmundt, General Zeitzler, and Colonel Scherf heard Hitler to say: “If Germany becomes successfully entrenched in the Caucasus, it will be able to form units not from Georgians, but from the smaller Turkic peoples.” Keitel offered his own comment: “They will be an exception to the above rule since they are the most vehement enemies of Bolshevism. This goes without saying. These are Turkic legions. I can merely repeat what we discussed last year, in early September, that the native units were much superior to others when fighting the bands (partisans.—P.D.)”65 On the whole, at that time Hitler was against setting up strong and battle-worthy units out of the occupied populations.

Simultaneously, starting in the spring of 1940, the Germans were engaged in neutralizing the British-French threat to Baku and the Caucasus. Captain Lewerkün, agent of Admiral Canaris, chief of the Abwehr, who came to Iran in March 1940 as the German consul in Tabriz, kept his chief posted about the situation. Information provided by the ramified intelligence network in Iran supplied the General Staff with food for thought about the “military-geographic Syria-Baku line;” while the Abwehr’s second department (sabotage and acts of subversion) was instructed to draft a plan for destroying the Baku oilfields in case of a threat from the allies.66

The German invasion of Turkey, the Gertrude Plan, scheduled for early 1941 was intended as a preventive measure against possible British infiltration and a flank strike from the northwest in support of the Italian-German troops in Northern Africa intended to create a toehold for the later offensive at the Iraqi and Baku oil fields. The OKW strategy described in Directive No. 30 (the Middle East) issued on 23 May, 1941 received more detailed exposition in Directive No. 32 (Preparations for the Post-Barbarossa Period) of 11 June, 1941. Point 2 of Directive No. 32 pointed out that “continued struggle against the British positions in the Mediterranean and the Middle East through a ‘concentric offensive’ would be carried out from Libya via Egypt, from Bulgaria via Turkey and, depending on the situation, to the Transcaucasus via Iran.” The same document said further: “We should close pincers on the British positions in the Suez acting through Northern Africa, the Caucasus, and Syria.”67 This means that the Germans planned to capture the Caucasus and reach the oil fields of the Middle East by the end of 1941 to set up an oil corridor of sorts between Baku and the Persian Gulf.

In his memoirs Europe’s “most dangerous man” Otto Skorzeny wrote: “In late November 1941, the Red Orchestra informed the Soviet Headquarters that an offensive in the general direction of the Caucasus had been scheduled for the spring of 1942 with the aim of capturing the oilfields between Batumi on the Black Sea shore and Baku on the Caspian coast.” Later, the well-informed Red Orchestra agents informed Moscow that Plan 111 (later Plan Blau), under which the Caucasus should have been captured in November, was postponed until the spring of 1942.68

Reza Shah, who sided with the Germans (Nazi propagandists made much of the “natural affinity” of the two nations: they derived the term “Aryan” and “Iran” from the common root), hoped to move into the areas of the Transcaucasia and Central Asia his ancestors had lost long ago. Iranian troops were concentrated on the Soviet border; training was going ahead while the Caspian coast received new ports, some of the old ports were hastily modernized (Pahlavi, Noshahr, and Bandar Shah).69

The German espionage network in Iran, which was planning several large-scale subversive acts in the Caucasus, stepped up its activities. By the summer of 1941, several espionage and subversive groups of the SD and Abwehr had already been brought to Iran. “We kept postponing attacks on some of the main points of the Baku oilfields for the same reasons—shortage of equipment and transport, in the first place,” complained Otto Skorzeny in his memoirs. In turn, Ambassador of Germany to Iran Brigadenführer-SS Ettel promised Reza Shah that Germany would extend military assistance to his country and asked for permission to deploy German aviation in Iran. On the whole, the Germans needed Iran, first as a foothold for their offensive against the Caucasus; and second, they hoped to disrupt the British communication lines that connected India with Australia and the Far East. Control over the “oil triangle” (Iraq-Baku-Iran) would have moved Germany to second place in the world after the United States, the leading oil power.

The British were concerned with their positions in the south of Iran, especially with the oilfields of the Anglo-Iranian Oil Company. The British military had every reason to expect that the Germans might break into Iraq and Turkey, thus endangering the British communication lines and colonial possessions in the Near and Middle East. London feared that through Iran Germany might penetrate India and other Asian countries in the sphere of British influence. The operation in Anatolia was not carried out merely because on the eve of the war in the East the Germans did not have enough troops.

The Baku factor was invariably present in Germany’s war plans in the East. As early as the summer of 1940, the Germans planned to crown their capture of the central areas of the Soviet Union with a “limited operation to capture the Baku area.”

In his directive of 21 August, 1941 to the OKH, Hitler pointed out that it was critically important to capture the Crimea and Donbass at the very early stages of the war and enter the Caucasus. In his explanatory notes, the Führer specified: “For political considerations it is necessary to reach the areas from which Russia receives oil as soon as possible. This should be done not only to deprive it of oil—it is even more important to give Iran the hope of prompt practical German help if it has to resist the threat from the Russians and the British.”

The OKH planned to capture the Caucasian oilfields, including Baku, early in November 1941, as soon as Moscow was taken. Land forces supported by airborne groups had to carry out the operation; no bombing was planned to spare the oil-producing equipment. It was planned, in particular, to drop “one of the airborne units to organize a surprise attack on the oil area to the northwest of Baku before the retreating enemy had destroyed it.” Bomb strikes on the oilfields were banned: it was decided to concentrate on the destruction of railways and naval transportation routes in the Caspian; the use of aviation was limited to planting mines in the Astrakhan roadstead and to rare reconnaissance flights in the Baku area.

In the summer of 1941, the southern borders of the Soviet Union (the Baku oil and industrial region in particular) were threatened by Iran: by that time the German “fifth column” was strong enough to plan large-scale subversive acts in the Transcaucasus.

Simultaneously, the Iranian leaders were discussing an invasion of the Caucasus to meet the “victorious German army” halfway. In July and August hundreds of Germany officers in civilian clothes were sent to Iran; early in August 1941 Admiral Canaris secretly visited the country. In the

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70 O. Skorzeny, op. cit., p. 269.
74 Ibid., p. 81.
75 Voeno-istoricheskiy zhurnal, No. 11, 1962, p. 86.
north, the SD and Abwehr were busy knocking together espionage-and-subversive groups to be sent to the Baku oil region and Turkmenistan.

The Soviet Union and Britain acted faster. In full accordance with Art 6 of the Soviet-Iranian Treaty of 26 February, 1921, the Soviet Union moved troops of the 44th and 47th armies into Iranian Azerbaijan on 25 August; two days later, on 27 August units of the 53rd Separate Central Asian Army crossed the 1,000 km-long stretch of the border between the Caspian and Zulfugar. Soviet gunboats entered the ports of Pahlavi, Noshahr, and Bandar Shah to land Soviet troops.

Simultaneously the British moved their troops from the southwest. The British leaders had every reason to be concerned about the German intrigues in Iran that threatened the U.K.'s vital interests in India and the Arab East, as well as the Iranian oilfields. The British and Soviet troops moved in two columns: from Basra to Abadan and the Ahvas oil fields and from Baghdad to the Zaneken oil fields and up to the north. Late in August the Soviet and British troops met in the Sanandaj and Qazvin areas. Later, toward the end of 1942, American troops entered Iran.

The British command was very conscious of the threat of a German breakthrough via the Caucasus and Turkey to Iran, Iraq, and even further; this would have endangered the British communication lines and the British colonial possessions in the Near and Middle East. To avert these developments, British General Slim tried to convince the Soviet commanders to set up joint defenses in case of a possible German invasion through the Caucasus and Anatolia. This and the statement of General Wavell about Britain's readiness to move its troops into the Transcaucasus were politely yet firmly declined.

On the whole, the fact that Soviet and British troops entered Iran was of great military and strategic importance for the anti-Hitler coalition. In his personal letter to Stalin dated 30 August, 1941, Churchill wrote: "The news that the Persians have decided to cease resistance is most welcome. Even more than safeguarding the oil-fields, our object in entering Persia has been to get another through route to you which cannot be cut." He invited the Soviet Union to pool forces to "develop the railway from the Persian Gulf to the Caspian and make sure that it runs smoothly with reinforcements of railway material from India."82

On 19 September, in another letter to Stalin, Winston Churchill confirmed that "I attach great importance to the opening of the through route from the Persian Gulf to the Caspian."83

Later, in a letter of 12 October, 1941, he deemed it necessary to explain why his country had occupied Iran: "first, as a barrier against German penetration eastwards, and secondly as a through route for supplies to the Caspian basin."84

The Iranian operation was of great military and strategic importance for the Soviet Union: its southern borders were no longer threatened; from that time on, Iranian territory was used to deliver strategic materials from the West to the U.S.S.R. The British-Soviet-Iranian treaty of 29 January, 1942 guaranteed that the railways and highways could be used for transporting important materials from the allied countries to the Soviet Union. Beginning in late 1941 tens of thousands of tons of all sorts of materials from the United States, Britain, Canada, Southeast Asia, and Australia reached the Soviet Union across the Persian Gulf, Iran, and the Caspian. During the war, a total

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80 See: H.M. Ibrahimbeyli, op. cit., p. 35.
82 Correspondence between the Chairman of the Council of Ministers of the USSR and the Presidents of the USA and the Prime Ministers of Great Britain during the Great Patriotic War of 1941-1945, Vol. 1, Progress Publishers, Moscow, 1957, pp. 26-27.
83 Ibid., p. 32.
84 Ibid., p. 37.
of 3 million tons of strategic materials (23.8 percent of the total amount of military supplies from America, Britain, and Canada the Soviet Union received under the lend-lease program) were moved through Iran.85

More than that: the Iranian operation upset the German plan of delivering a strike across Iran to meet the group of armies that began their offensive toward the Caucasus in the summer of 1942. The German command was fully aware of the implications. Franz Halder wrote in his Diary: “Having established ties with Russia across Iran our enemies will urge it to resist so as to keep the German armed forces away from the Caucasian oilfields.”86 The Germans feared, with good reason, that Britain would use Iran as a springboard for air raids on the Caucasian oilfields.87

It was in the latter half of 1942, during the long and bloody battle for the Caucasus, that this area became the scene of important events. According to Lieutenant-General Fritz Bayerlein, chief of staff of Field-Marshal Rommel’s Afrika Korps, the German high command planned a large-scale pincer operation in the summer campaign of 1942 that would involve two German armies moving across the Caucasus in the south and from the Western Desert across the Suez in the north to capture the oil-rich areas of the Middle East, including Baku.88

The German Plan On Transformation of the Caucasus which Alfred Rosenberg signed on 27 July, 1942, that is, three days after Army Group A invaded the Caucasus referred to the British point of view according to which the Caucasian zone was much more important than the whole of Ukraine.89

Later, on 16 April, 1943, when Germany had already been defeated on the Volga and in the Caucasus, Hitler told Admiral Horthy, dictator of Hungary: “We planned (during the campaign in the summer of 1942.—P.D.) to cross the Caucasus into Mesopotamia and close the Volga.”90

Earlier, in January-February 1942 when the German-Italian group of troops was pressing ahead in Northern Africa, Rommel, together with Admiral Räder, tried to convince the OKW that, if strengthened, his Korps would be able to push through Egypt to the Mesopotamian oilfields and move further to the Caucasus. Berlin showed no enthusiasm probably because of the heavy losses near Moscow.91

In the summer of 1942, the Germans regarded a breakthrough to the Caucasus as their main strategic aim in the south. Under Operation Braunschweig (until 30 June, 1942 it was Operation Blau drafted in April 1942), it was planned to destroy the Soviet troops to the west of the Don, capture the oil-rich areas of the Caucasus, and cross the Caucasian Mountain Range to reach the Near and Middle East. The Germans’ victories on the Don, which promptly moved them to the Caucasian foothills, allowed the OKW to launch Operation Edelweiss (Directive No. 45 dated 23 July, 1942, On Continuation of the Operation Braunschweig). Operation Edelweiss presupposed that having captured the Caucasus and its oil-rich areas, Germany should draw Turkey into the war against the Soviet Union, destroy the Soviet Black Sea Navy to establish German domination, and invade the Middle East. This would have allowed Germany to move against the British Eastern colonies, particularly India.92

The German army group in the Caucasus, the motorized and panzer units in particular, was ordered "to use part of the armed forces to capture the Grozny area and block the Military-Ossetian and Military-Georgian highways, preferably at the passes, and to capture Baku by delivering the final

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89 See: “Kavkazskaiia papka” Alfreda Rosenberga… p. 64.
91 See: Ibid., Vol. 4, p. 414.
92 See: H.M. Ibrahimbeyli, op. cit., p. 76.
blow along the Caspian coast." The document also emphasized the need to use an adequate armed force to cooperate with the troops delivering the blow on Baku through Grozny. “Because of the decisive importance of the Caucasian oil industry for the continuation of the war,” said the document, “air raids on the oilfields and large oil reservoirs, as well as on the large transshipment ports on the Black Sea should be permitted only in cases absolutely indispensable for land operations. To deprive the enemy of Caucasian oil, however, the railways used for oil deliveries should be destroyed in the shortest time possible, while the naval delivery routes on the Caspian should be disrupted.”

The Germans were obviously aware of the region’s geostrategic importance: the Caucasian territory was used for communications of greatest military-strategic importance in the system of international supply lines from the East to the West and from the North to the South.

In July 1942, the Germans planned a special paratroop operation code-named Shamil to capture the North Caucasian oilfields and oil refineries in Grozny and Maykop.

The grandiose Stalingrad Battle that unfolded in the summer and fall of 1942 forced the Germans to relax their attack on the Caucasus; large units from Army Group A (the 51st Army Corps and 4th Panzer Army) were moved to Stalingrad since, as General Alfred Jodl, put it, “the future of the Caucasus will be decided at Stalingrad.” This contradicted the earlier opinion: according to Deputy Head of Operations Staff Walter Warlimont, “the Caucasus was declared to be the main aim of the offensive in the south of the Soviet-German front.”

By way of comment on Hitler’s intentions in the Stalingrad operation, Head of the OKH Colonel-General Kurt Zeitzler pointed out: “If the German army had forced the Volga at Stalingrad and blocked the Russians’ main communication line that connected the north and the south and if Germany had gained access to Caucasian oil to meet its wartime requirements, the situation in the East would have been radically changed and we could have more hope of a favorable outcome to the war.” In his memoirs, the German general explained Hitler’s initial intentions: “Having achieved these aims he intended to dispatch highly mobile units to India via the Caucasus or by any other means.” If the Caucasus was captured the OKW would be able to carry out Operation Bayadere, that is, invasion of India, the largest British colony, across Afghanistan. If Tbilisi had fallen, pro-fascist cabinets of “new” Iran, Iraq, and Syria would have been proclaimed there.

In the summer of 1942, representatives of Germany and Japan were busy compiling a plan for a Japanese offensive from Burma to meet the Germans pressing from the Caucasus to India. In January 1942, 100 German secret Abwehr agents were sent to Iran to cross into Baluchistan and reach India where, together with the local fascist supporters (a large group of 5,500) they were to organize acts of subversion and a large-scale anti-British revolt as part of Operation Bayadere synchronized with the German breakthrough across the Caucasus to the Middle East. In September 1942, euphoric Germans “looked forward to new victories to the south of the Caucasus” and even set up the post of “a Reich Commissar for foreign policy issues under the Wehrmacht Supreme Commander in the Persian-Arab expanse.”

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93 Bankrotstvo…, p. 326.
94 Ibid., p. 327.
96 H.M. Ibrahimibeyli, op. cit., p. 80.
97 Voennno-istoricheskii zhurnal, No. 11, 1963, p. 89.
102 See: L.I. Medvedko, op. cit., p. 310.
103 Ibidem.
Under Operation Edelweiss, the best panzer and motorized units, as well as alpine-and-chasseur troops of Army Group A (with a total numerical strength of over 450,000 soldiers and officers under one of Germany’s best commanders Colonel-General Ewald von Kleist) were expected to capture Grozny by 17 September and reach Baku along the western Caspian coast by 25 September, 1942.104 Simultaneously German panzer and alpine-chasseur units, as well as Rumanian mountain rifle divisions, were ordered to move along the Black Sea coast to capture Sukhumi, Zugdidi, and Tbilisi. After that the 3rd Rumanian army was to remain in the Caucasus for protection and garrison service, while the Germans were to press on further to Iran, Iraq, and Southeast Asia.105

In July 1942, Army Group A launched Operation Edelweiss. By 1 August, 1942, the 1st German Panzer Army approached Maykop; the war diary registered this as “the first step toward the great aim.” Here is another entry for the same day: “The army is looking at the oil-rich areas of Grozny.”106 Copies of a Reference Book and Guide for the Caucasus published in 1942 in Leipzig were distributed among the staffs and officers of formations and units of Army Group A. The appendix enumerated the main German targets: “Baku, oil gushers; Grozny, the world’s best gasoline; Kabarda, molybdenum; North Ossetia, zinc; and Zangezur, copper.”107

The OKH General Staff planned to send all the available forces of the 5th Army Corps into the opening and move them toward the Caspian littoral areas, Daghestan and Azerbaijan. On 5 August, the units of Special Staff F were moved from the Suoni Cape (in Southern Greece) to Bulgaria and then to Rumania. On 20 August, the units were transformed into a Special Motorized Corps F under General of Aviation Felmy; he also had the Arab Legion under his command. It was expected that after the units of Army Group A captured Tbilisi the units of Special Staff F would be moved by rail via Rostov-on-Don to the Caucasus for a continued advance on Western Iran-Iraq in order to finally reach the Persian Gulf and Basra. In full accordance with the German “big pincers” strategy, after capturing the Caucasus, Corps F was to move on to the Middle East to meet Rommel’s troops which by that time should have captured the Suez.108 The OKW formulated a dual task for Corps F:

1. secretly follow Army Group A to Iran via two roads (depending on the operational situation), either through Baku or along the Military-Georgian Road;
2. in the event of stubborn Soviet resistance, help the 1st Panzer Army fighting its way to Baku. Corps F was deployed in the vicinity of Budennovsk; on 15 October, 1942, it fought its first battle in the Achikulak area.109

By early November 1942, the Germans had captured several areas in North Ossetia, paying a high price in lives and equipment. They were stopped at the city of Ordzhonikidze and failed to consolidate on the Terek River despite Hitler’s order that described the river as the most convenient winter barrier. The order said: “Consolidate there at all costs for the final conquer of the Caucasus in the spring of 1943.”110

On 6-12 November, 1942, in the Gizel area where the 1st Panzer Army sustained huge losses in lives and military equipment, the Soviet command snatched the strategic initiative in the Caucasus.111

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104 See: W. Adam, *Trudnoe reshenie*, Moscow, 1962, p. 120.
106 Ibid., p. 163.
107 Ibid., p. 80.
108 See: Ibid., p. 149.
110 Ibid., p. 173.
111 See: *Krasnoznamenny Zakavkazskiy, Sabchota Saklartvelo*, Tbilisi, 1981, p. 191. Later, when the German offensive in the Caucasus failed, in January 1943, Corps F was transformed back into Special Staff F and in February was moved to Tunisia. On 12 May, 1943, the unit capitulated together with the German-Italian Army Group Afrika.
The Germans never reached Sukhumi; the German alpine and chasseur units, however, reached the southern slopes of the Northern Caucasus and even hoisted the Reich flag on the Aryan Holy Mount Elbrus; however, they failed to negotiate the passes beyond which lay the Black Sea. The troops that moved along the North Caucasian Black Sea coast were stopped outside Tuapse.

In his most secret and personal message dated 30 September, 1942, Winston Churchill informed Stalin that according to British intelligence the Germans, sure of their final success, had “already appointed an admiral to take charge of naval operations in the Caspian.” The British prime minister also wrote that the Germans had “selected Makhachkala as their main naval base. About twenty craft, including Italian submarines, Italian torpedo boats and minesweepers, are to be transported by rail from Mariupol to the Caspian.” Under Directive No. 54 of 23 July, 1942 On Continuation of Operation Braunschweig the German Navy was expected not only to fight the Soviet Black Sea fleet on the Caucasian coast, but also take all the necessary measures to use the “light ships of the Navy to operate along the enemy’s sea supply lines (oil transport and communications with the Anglo-Saxons in Iran)” in the Caspian Sea. These measures together with the blocked naval Astrakhan-Baku routes would have undermined city defenses and disrupted oil and oil-products deliveries from Baku to Astrakhan and Krasnovodsk, something that the Luftwaffe bombers could not achieve because of the fairly effective Soviet air defenses and the Caspian flotilla.

The Soviet allies were very concerned about the prospect of German occupation of the Caucasus and Baku oil-industrial area. Back in the fall of 1941, they planned to set up a special expeditionary corps by combining the 18th and 50th British divisions to be moved with air support by early January 1942 to Baku. Winston Churchill pointed out in his memo addressed to the Chiefs of Staff that he could see no reason for the talk that the Russians would destroy their oilfields. They said nothing of the kind and treated with suspicion those who dared to ask them about it. If worst came to worst Britain could bomb the Baku oilfields and try to set them on fire, wrote the British prime minister. The Allies suggested that they would dispatch a group of demolition experts to Baku.

On 3 March, 1942, the Anglo-American Joint Chiefs of Staff, which met to discuss only one issue, the defense of the Caucasus, concluded that the Germans might try to capture the Caucasus and decided to draft, after consultations with the British joint planning body, a memo for the U.S. president to inform him about possible repercussions of the German capture of the Caucasus and the measures to be taken against the Germans’ wider aggression.

In the summer and fall of 1942, at the height of the Battle of the Caucasus, America and Britain, worried over the German pressure on the Baku and Tbilisi directions, offered Stalin their help.

In the critical situation on the Soviet-German front that had taken shape by the summer of 1942, the Soviet allies (America and Britain) pooled forces to create a plan codenamed Velvet, under which 20 American and British squadrons should have been used to defend the Caucasus and the Caspian. The old plan of dispatching one of the allies’ armies (the 10th British Army) to the Caucasus was revived. At approximately the same time in Moscow, Churchill told Stalin that British squadrons would be sent to the Caucasus and the Caspian area depending on the situation in Egypt, where the British were waging heavy battles against the German and Italian troops at El Alamein.
“Uncle Joe,” who never fully trusted his allies, was very diplomatic when declining the offer. On 18 December, 1942, in his letter to U.S. President Roosevelt, he pointed out that the Anglo-American squadrons with crews “are no longer needed in Transcaucasia.” The future of Baku and the region was decided between 25 July, 1942 and 3 January, 1943 in fierce defensive battles in the Caucasian mountains. Late in November 1942, when the Stalingrad Battle was at its height, Churchill admitted in one of his letters to Stalin that the Soviet troops had successfully defended the “main oil supplies in the Caucasus.” The German troops never moved beyond Mozdok in the direction of Baku.

On 3 January, 1943, the Soviet troops began their offensive from the line of the lower reaches of the Terek and the foothills of the western part of the Main Caucasian Mountain Range; the Northern Caucasus was completely liberated on 9 October, 1943—Operation Edelweiss ended in a catastrophe.

Regular army units staffed with members of the Caucasian nations fought in the Battle of Caucasus as part of the Soviet Armed Forces; this fact was not only of great moral and political importance, it was a great military strategic factor. Besides 11 divisions staffed with representatives of all the Caucasian nations, there were 5 Azeri, 4 Georgian, and 3 Armenian divisions fighting side by side with Daghestanian, Chechen-Ingush, Osset, Kalmykian and Kabardino-Balkarian divisions, brigades, regiments, and squadrons in the Caucasus which guarded the state border with Turkey and Iran. This gave the Supreme Command a chance to send more forces to Stalingrad to accelerate the encirclement and defeat the 300 thousand-strong group of General Field Marshal Paulus. On the whole, the Caucasus made a significant contribution to the world community’s concerted efforts to rout the “brown plague” of the 20th century during World War II.

The failure of the German dash to the Caucasus and the routing of the 6th Army of Paulus at Stalingrad could not but affect wartime Turkish-German relations.

The Turkish leaders hoped that the German victory in the war against the Soviet Union would allow them to realize the idea of Great Turkey covering at least half of Soviet territory (the Caucasus and the Crimea, as well as the Volga area up to Kazan, Central Asia, and even part of Siberia). When talking to senior official of the Foreign Ministry of Germany von Hentig Harun, trusted envoy of Marshal Çakmak, said that the Turkish government saw its main objective of the coming offensive in the Caucasus as “setting up a federative state similar to Bismarck’s empire” that would include “besides Anatolia, also the Caucasus and the Turkic peoples to the east of the Volga.”

In June 1942, Marshal Çakmak believed that his country would enter the war; in the fall of the same year, martial law was introduced and mobilization carried out in the vilayets bordering on the Caucasus. Turkey planned to declare war on the Soviet Union in November 1942 as soon as Berlin announced that Stalingrad had fallen. An agreement had been reached with Germany that Turkey would be pressing toward the Caucasus via the Iranian highlands in the general direction of Baku. The Turks were convinced that the British in Iran would be an easy prey. After succeeding, Turkey planned to set up a Caucasian state under its own aegis and German protectorate. Franz von Papen, German Ambassador to Istanbul, informed Foreign Minister Joachim von Ribbentrop: “As for the Eastern Turkic peoples, besides Azerbaijan, that is, the Volga Turks, Tartars, Turkmen, etc., today the Turkish political circles intend to unite these Turks into their own and seemingly independent East Turkic state in which the Western Turks will play the decisive political and cultural role of ‘advisors’."

121 Correspondence..., Vol. 2, p. 40.
122 Ibid., Vol. 1, p. 84.
123 H.M. Ibrahimbeyli, op. cit., p. 58.
124 See: Ibid., p. 59.
125 Ibid., p. 60.
When the Wehrmacht was readying for the attack on the Northern Caucasus, Turkish operations in the Southern Caucasus could have created serious, if not catastrophic, results on the southern flank of the Soviet-German front. Moscow knew about the Turkish plans to capture the strategically important positions in the region if the Germans captured the Caucasus.

The Turkish leaders pinned their greatest hopes on the future territorial acquisitions that would have been possible had the Germans won the Battle of Stalingrad and occupied the Caucasus. Their defeats at Stalingrad and in the Northern Caucasus, as well as in Northern Africa, somewhat shattered Turkey’s German bias. In his report to Berlin, German military and air attaché in Turkey Major-General Rohde summarized his talk with second-in-command of Turkey’s General Staff Colonel-General Asim Gündüz, which took place on 1 December, 1942, and his impressions about the prevailing sentiments among Turkey’s top military: “Acting contrary to the main rules of classical strategy, the German General Staff did not bother to set up the necessary centers of gravity on the vitally important stretches of the theaters of war. According to Turkey’s General Staff, Stalingrad, which had probably immobilized too large German forces for far too long, was not a strategic aim. Due to the fact that too many available resources were used there, the Caucasian front was left without enough forces and therefore had to halt its offensive. The Germans failed to capture the ‘Egypt’ position of immense importance for the future of the Axis and were defeated by the assaulting Brits since the aviation necessary for achieving success had evidently also been drawn away by the Eastern Front.”

On the whole, Turkey maintained neutrality until it became abundantly clear that Germany would soon be defeated. In February 1945, it declared war on Germany and Japan.

The Soviet victories at Stalingrad and the Caucasus of the late 1942-early 1943 and Nazi Germany’s catastrophic defeats on the Eastern and Western fronts and the routing of militarist Japan in the Asian-Pacific region by the Allies’ forces (the U.S.S.R., U.S., and U.K.) put an end to another “geopolitical game” played in the course of the bloodiest war. The Caucasus and the Caspian region received another fifty-year respite, which was cut short by the grandiose geopolitical upheavals of the late 20th-early 21st centuries.

The “Cold” Continuation of Soviet-Western Geostrategic Rivalry in the First Postwar Years

The Caspian, which remained a geopolitical target of the rivaling great powers throughout the first half of the 20th century, remained within the Soviet zone of influence after fierce military and political struggle during the two world wars. The West failed to consolidate in this geostrategically important region of Central Eurasia.

At the same time, the Soviet Union’s efforts of the latter half of the 1940s to extend its spheres of influence in the Middle East by playing the Kurdish and South-Azeri cards fell through. Had it succeeded, it would have spread its geopolitical influence to Iran and the Middle East; and its potential access to the Black Sea straits (Bosporus and Dardanelles) would have become much more real. The Soviet Union’s military-political domination in Iran would have brought it to the Indian Ocean with far-reaching geopolitical repercussions. By that time, Britain was no longer able to defend its colonial possessions in Hindustan.

126 Ibid., pp. 218-219.
Late in 1946, Iran, aided by the West, mainly America, suppressed the national movements in Southern Azerbaijan and Iranian Kurdistan headed by Mir Ja’far Pishevari and Mustafa Barzani, respectively.

Let’s have a look at the oil dimensions of Soviet-Iranian relations, namely, the oil concession the Soviet Union received in Northern Iran on conditions analogous to the British concession in Southern Iran. Those who say that Iran deceived its northern neighbor by refusing, in mid-1947, to ratify the Soviet-Iranian Agreement on a Joint Soviet-Iranian Society for Prospecting and Exploiting Oilfields in Northern Iran for 50 Years starting on 4 April, 1946 are wrong. In fact, the situation was created by the fact that the Soviet Union could no longer expand its influence in Iran, which opted for the West, the influence of which (the United States in particular) was preserved until the Islamic Revolution of 1979.

Iran’s choice was suggested by America’s monopoly on nuclear weapons; it warned the Iranian leaders that it would use them if the Soviet Union violated Iran’s territorial integrity. This is confirmed by the telephone conversation between Stalin and then leader of Soviet Azerbaijan M. Bagirov on the eve of the Soviet troops’ pull out of Southern Azerbaijan. Stalin cut short Bagirov’s insistent request not to do this with: “We can’t start another world war.” It was at that time, 5 March, 1946, when the crisis around Iran had reached its height, that Winston Churchill delivered his famous Fulton speech, the manifesto of the already real Cold War. On 24 March, 1946, it was officially announced that the Soviet Union would withdraw its troops from Iran; the process was completed by 9 May.

On the whole, according to Iranian Shah Mohammad Reza Pahlavi, “the Cold War, in fact, began in Iran.” One can say that this process could have begun in Greece or in China or in any other hot spot on the planet divided into two opposing sociopolitical systems: Western democracy and Eastern communism.

At the same time we can say that the Iranian crisis of 1945-1946 caused irreversible geopolitical changes in the Near and Middle East by considerably strengthening America’s position there.

**Conclusion**

Another historical pause in the struggle for domination in the Caucasus and the Caspian followed World War II; it was cut short by the well-known events of the early 1990s. The emergence of independent Caspian littoral states (Azerbaijan, Kazakhstan, and Turkmenistan), the steadily growing Western influence in some of the regions of Central Eurasia, and the involvement of some of the large Asian states in the Great Geostategic Game, as well as the stronger Russian factor there added a new geopolitical dimension to the traditional international rivalry.

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CARL VON HAHN—OUTSTANDING STUDENT OF THE CAUCASUS

Abstract

The author discussed the key aspects of the life and academic activities of Carl von Hahn (1848-1925), an outstanding German student of the Caucasus and traveler, and his contribution to Caucasian studies. He was the first to gather together bits and pieces of information about the Caucasus scattered throughout Ancient Greek, Roman, and Byzantine sources, to translate and publish them, and to present them to the academic community. He is the author of numerous publications on the history and ethnography of the Caucasian peoples.

Introduction

The latter half of the 18th century was marked by even greater rivalry between Russia and two strong Islamic states (Iran and Turkey) over domination in the Caucasus and the obvious need to learn more about the region and the local states. German scholars who lived and worked in Russia responded to the need along with their Russian colleagues. In fact, it was the definitive works of outstanding travelers and scholars I. Güldenstadt, J. Reineggs, Ya. Lerh, Peter Pallas, and others that opened a new stage in Caucasian studies.

In the 19th century, when Russia firmly established itself on the conquered territory and united the local administrative division with the rest of the empire, German students of the Caucasus became even more interested in the region. Many of the German scholars settled in Russia, became Russian subjects, and served the Russian sciences, while remaining in contact with their colleagues in Germany. There were quite a few of them: Wilhelm Abich, G. Radde, A. Leist, and others.

Carl von Hahn, who dedicated his life to Caucasian humanitarian studies and earned respect among his colleagues as a scholar and teacher, was one of the great scholars and scientists of German extraction.
His Life

Carl von Hahn was born on 29 April, 1848 in the town of Friedrichstal (not far from the city of Freudenstadt in Schwartzwald (the Black Forest)). His father, Friedrich Hahn (1809-1878), was a cashier at the metallurgical plant in Friedrichstal, while his mother, Margarita Heinrike Charlotte (born in 1822), came from the family of Christoph Heinrich von Gross, a doctor employed by the Tübingen Main Administration.1

The boy attended primary and secondary schools in his native town and left home to study at Tübingen and then Novorossia (Odessa) universities where he majored in theology and philosophy. In 1870, he received his first post as a vicar in Reichenbach. As a medical orderly, he fought in the Franco-Prussian War of 1870-1871.2

His life changed in 1872 when, at the age of 24, he went to the Caucasus to settle in Tbilisi. At first he tutored the son of the Caucasian viceroy; later, in 1874, he began teaching in Tbilisi secondary schools and remained loyal to his calling until his death in 1925. It was thanks to his energetic efforts that secondary education developed in the Caucasus. At different periods of his life he taught at the First Classical Grammar School for Boys, the Cadet Corps, Higher Courses for Women, and the Tbilisi Polytechnic; and he was senior teacher at the German Comprehensive School, Director of the First Grammar School for Girls, etc. He taught German as well as the classical languages (Greek and Latin).3 In 1875, he married 19-year-old Helen von Franken, daughter of artists Paul von Franken and Helen Keber,4 from a family that belonged to the Tbilisi German colony. During the Russo-Turkish War of 1877-1878, von Hahn represented the Russian Red Cross. In 1898, he was awarded with the title of prince for his outstanding services to the Russian Empire.5

Carl von Hahn was a standing or honorary member of the Caucasian Division of Russia’s scientific societies, including the Caucasian Division of the Moscow Archeological Society and the Caucasian Division of the Russian Geographic Society. He also belonged to the Society of German-Georgian Cultural Ties set up in 1918.6 On 3 April, 1922, the Georgian capital celebrated fifty years of the public, scholarly, and teaching activities of this outstanding scholar and teacher.7

He died on 16 August, 1925, at the age of 77 in Tbilisi and was buried there.

He was among the outstanding German and Russian natural scientists who gathered around illustrious German scholar and traveler Gustav Radde (1831-1903); the scope of his scholarly interests was wide and covered history, ethnography, pedagogy, biology, and geology.

Some of his numerous scholarly works in German and Russian can be described as fundamental; he was a regular contributor to Russian- and German-language academic publications: Shornik materialov dlia opisania mestnostey i plemen Kavkaza (SMK); Izvestia Kavkazskogo otdelenia Rossiskogo Geograficheskogo Obshchestva, Izvestia Kavkazskogo istoriko-arkheologicheskogo instituta, Asien, Das Ausland, Zeitschrift für Schulgeographie, Globus, Petermanns geographische Mitteilungen, and others.8

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His scholarly interests were broad, therefore I deemed it necessary to divide his works into several categories to be discussed separately.

Collection of Information about the Caucasus and Its Peoples Provided by Ancient Authors

His major work is *Izvestia drevnikh grecheskikh i rimskikh pisateley o Kavkaze* (Information about the Caucasus Found in the Works of Ancient Greek and Roman Authors), the two volumes of which are still of interest today. Carl von Hahn was the first to collect, translate, publish, and thus introduce into scholarly circulation information scattered throughout works by ancient Greek and Roman as well as Byzantine authors.

The first volume covering the period which, according to the author, ranged “From Homer to the AD 6th Century” appeared in SMK in concise form under the title “Kratkie izvestia drevnikh pisateley o Kavkaze” (Concise Information by Ancient Authors about the Caucasus) (1882, Issue II, pp. 18-44), later the same journal carried the complete version (1884, Issue IV); and finally, in 1884, this work formed Volume I of the two-volume edition. The author put everything into this book that could be found in the works of prominent authors of classical antiquity—Homer, Hesiod, Aeschylus, Herodotus, Hippocrates, Demosthenes, Xenophon, Plato, Aristotle, Apollonius of Rhodes, Cicero, Strabo, Virgil, Horace, Ovid, Seneca, Pliny, Flavius Josephus, Appian, Cornelius Tacitus, Plutarch, Suetonius, Flavius Arrian, Dion Cassius, Ammianus Marcellinus, and others.

Carl von Hahn wrote in his introduction that the idea was suggested by the 5th International Congress of Archeologists in Tbilisi in 1881: “There is no doubt that information found in the ancient authors is directly related to archeology. We all know, for example, that it was Homer who helped Schliemann discover what remained of ancient Troy. Starting in 1870, he was engaged in the diggings that made his name well known and that revealed details of the everyday existence of the Greeks who lived in the earliest, mythical times. We all know that prominent French scholar and expert in Egyptian antiquities Mariette-Bey, who found Serapeum in Egypt in 1880, thus making it one of the greatest archeological discoveries of his time, was guided by information supplied by Strabo. This means that if information found in the works of the ancient authors about any country was based mainly on facts rather than imagination, a detailed investigation of what they wrote about the Caucasus may lead us to important archeological or ethnographic discoveries. This is all the more plausible since many of them visited the Caucasus and described what they saw with their own eyes or heard from the local people. We can expect what the ancient authors wrote about various places to throw new light on the ancient ruins or monuments uncovered by the incessant efforts of archeologists. Finally, the ancient geography of the Caucasus holds special attraction for every educated person who was born or settled in the region.

“For the simple reason that the majority of our educated public cannot read the works by ancient authors in the original and that many of them are practically inaccessibele, while the interest in archeology is great, it is necessary to serve the public by gathering and translating materials from ancient authors.”

The public and the academic community accepted the work with enthusiasm, while the author of a review that appeared in 1884 in the *Iveria* journal pointed out that it opened a new page in the historical studies of the Caucasus.

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10 See: *Iveria* (Tbilisi), No. 9-10, 1884, pp. 121-126 (in Georgian).
A year later, in 1885, the same journal carried an article by great Georgian historian and ethnographer Mose Janashvili entitled “Izvestia drevnikh pisateley o Kavkaze” (Information about the Caucasus by Ancient Authors), in which he deemed it necessary to point out: “Information was gathered by Mr. C. Hahn which we translated and commented on ourselves with the exception of several bits and pieces.”

The second part of the fundamental work “Izvestia drevnikh grecheskikh i rimskikh pisateley o Kavkaze. Vizantiyskie pisateli. Lasika i Iberia” (Information Supplied by Ancient Greek and Roman Authors about the Caucasus. Byzantine Authors. Lasika and Iberia) covered the 6th-15th centuries. Its concise version was presented at the Caucasian study courses in Tbilisi in 1910; later it appeared in installments in the Tiflisskiy listok newspaper (Nos. 295 and 299, 1910; No. 6, 1911).

The public greeted the second volume with a great deal of interest. The Iveria journal carried another positive review, the author of which said in particular: “The gathered material is valuable not only for world, but also for Georgian history. Until today, information remained scattered—now we can finally see it gathered in one volume. The first part is out of print; the second is no less interesting than the first. I am convinced that the book will be indispensable for all students of Georgian history.”

Carl von Hahn intended to publish a third volume containing information gathered from works by medieval Italian authors about the Caucasus, but he managed to translate and publish only the work of prominent Italian Catholic missionary Archanjelo Lamberti, which appeared in SMK under the title “Arkhangelo Lamberti. Opisanie Kolkhidy, nazyvaemoy teper Mingreliey. S kartoiu 1654 goda” (Archanjelo Lamberti. Description of Colchis now Called Mingrelia. With a Map of 1654) (Issue 63, 1913). All the works described above attracted a lot of attention from Georgia’s academic community; A. Chkoidze widely used them in his works.

Carl von Hahn’s works on Caucasian toponymic form a special group; his first work on the subject appeared in 1907 in the Kavkaz newspaper (Nos. 118, 124, 126) under the title “Kavkazskie geograficheskie nazvania” (Caucasian Geographic Names); its fuller version appeared in SMK (Issue 60, 1909). In 1910, the materials appeared in Stuttgart in German under the title Erster Versuch einer Erklaerung Kaukasischer geographischer Namen. In 1913, Carl von Hahn used the materials for his lecture at the 13th Congress of Natural Scientists and Doctors of Russia held in Tbilisi; the lecture later appeared in the Congress’ Proceedings (Vol. VI, 1916, pp. 442-455).

**Scholarly Expeditions to the Caucasian Regions**

Starting in 1888, Carl von Hahn organized expeditions nearly every year to Georgia, Armenia, Azerbaijan, and the Central Caucasian Plateau; the reports on what they discovered appeared in two languages (Russian and German). The largest and the most important of them, Aus dem Kaukasus. Reisen und Studien (in four volumes), appeared in 1892-1911 in Leipzig.
He also authored numerous articles that appeared in Russian and German in all sorts of newspapers, journals, and collections of articles, including “Puteshestvie po Svanetii” (Travels across Svanetiia) in Kavkaz (Nos. 206-209, 1892); “V verkhoviyakh Kubani i Teberdy” (On the Upper Reaches of the Kuban and Teberda Rivers) in Kavkaz (Nos. 334, 344, 1893); “Eine Schulfahrt von Tiflis nach Baku” in Zeitschrift für Schulgeographie (No. 14, 1893), “Die grusinische Militaerstrasse” in Globus (No. 70, 1896); and “Po dolinam Choroka, Urukha i Ardona” (In the Chorok, Urukhi and Ardon Valleys) in SMK (Issue 25, 1896); in the same year this work appeared under separate cover in Tbilisi); “Puteshestvie v stranu pshavov, khevsur, kistin i ingushey” (Travel to the Land of the Pshavs, Khevsurs, Kistins and Ingushes) in Kavkazkiy vestnik (Nos. 4-6, 1900); “Ekskursia v Nagornuiu Chechniu i zapadny Daghestan letom 1901 goda” (An Excursion to Mountainous Chechnia and Western Daghestan in the Summer of 1901) in Izvestia Kavkazskogo otdelenia Rossiiokogo Geograficheskogo Obschestva (Issue 15, 1901); “Puteshestvie po vysochayshim mestam Daghestanskoy oblasti letom 1902 goda” (Travels Across the Highest Mountainous Places of Daghestan in the Summer of 1902) in Izvestia Kavkazskogo otdelenia Rossiiokogo Geograficheskogo Obschestva (Issue 16, 1902); “Poezdka v Mingreliu, Samurzakan i Abkhazii” (Travel to Mingrelia, Samurzakan, and Abkhazia) in Kavkazkiy vestnik (Nos. 4-5, 1902) (the work was reviewed in Iveria, No. 37, 9 May, 1902, p. 3); “Ekskursia v Nakalakevi letom 1903 goda” (An Excursion to Nakalakevi in the Summer of 1903) in Izvestia Kavkazskogo otdelenia Moskovskogo Geograficheskogo Obschestva (Vol. 2, 1904); “Eine Schulerexkursion von Tiflis nach Etschmiadsin” in Zeitschrift für Schulgeographie (No. 26, 1905); “Die Taeler der ‘Grossen Liachwa’ und der Ksanka (Ksan) und das südliche Ossetien” in Globus (No. 88, 1905); “Mezhdu Terekom i Ardonom” (Between the Terek and Ardon) in Izvestia Kavkazskogo otdelenia Rossiiokogo Geograficheskogo Obschestva (Issue 22, 1908; in 1918, it was published in pamphlet form); “Die Paesse im ‘Grossen Kaukasus’ (Kaukasioni). Aus meinem Tagebuch” in Bulletin de la Société geographique de Georgie (1924, No. 1), and others.

His Kratkiy putevoditel po Kavkazu (Concise Travel Guide of the Caucasus), which appeared in 1913 as a supplement to Kavkazkiy kalendar, deserves special mention. The same can be said about “Praktischeske sovety i poleznynye ukazania alpinistam dlia vysokonagornykh ekskursiy po Kavkazu” (Practical Advice and Useful Information for Mountaineers Traveling in the Caucasian Mountains), which appeared in 1915 in Kavkazkiy kalendar.

He was also interested in the geology and hydrology of the Caucasus and published relevant information gathered during his travels through the region in “Einige Bemerkungen über die kaukasischen Gletscher und Seen” in Das Ausland (No. 65, 1892); “Über Mineralquellen im Kaukasus” in Das Ausland (No. 66, 1893); “Kartiny kavkazskikh rek. Kura” (Pictures of the Caucasian Rivers. The Kura) in Estestvoznanie i geografia (No. 4, 1897); “Vulkanische Eruption bei Baku” in Globus (No. 75, 1898); “Über kaukasische Erdbeben” in Beilage zur Allgemeinen Zeitung (No. 118, 1899); “Kartiny glavnykh kavkazskikh rek” (Pictures of the Main Caucasian Rivers) in Kavkazkiy vestnik (No. 4, 1901), and others.

Studies of the History and Ethnography of the Caucasus

He wrote a lot about Caucasian history and ethnography. One of his most interesting works about the life and activity of great Georgian Czarina Tamara (1184-1213) appeared in 1900 in Beilage zur Allgemeinen Zeitung (No. 187). There were many more historical and ethnographic works, such as “Auffindung grusinischer Handschriften und Altertümer in Palaestina” published in Bei-
lage zur Allgemeinen Zeitung (No. 253, 1903); “Sitten und Gebräuche in Imeretien” in Globus (No. 80, 1903); “Das georgische Epos ‘Dilariani’” in Beilage zur Allgemeinen Zeitung (No. 271, 1904); “Totengebräuche im oberen Swanetien” in Beilage zur Allgemeinen Zeitung (No. 313, 1906); “Iz proshlogo goroda Tiflisa” (From the History of Tiflis) in Trudy XIII s’ezda estestvovedov i vrachei Rossii (Vol. VI, 1916).

He wrote several works about the history and ethnography of other Caucasian peoples, including “Heilige Haine und Baeume bei den Völkern des Kaukasus” in Das Ausland (No. 64, 1891); “Kaukasische Dorfanlagen und Haustypen” in Globus (No. 69, 1896); “Die Völker des Kaukasus nach ihrer ethnographischen Klassification” in Das Ausland (No.12, 1899); and “Puti soobshchenia i torgovlia v Zakavkazi v drenvosti (po grecheskim, rimskim, araviyskim, gruzinskym, armianskim i ital’ianskim istochnikam)” (Communication and Trade Routes in the Trans-Caucasus in Ancient Times (according to Greek, Roman, Arabian, Georgian, Armenian, and Italian Sources) delivered at one of the sittings of the Caucasian Division of the Russian Geographic Society, it later appeared in German in Petermanns geographische Mitteilungen (No. 6, 1923).

Carl von Hahn devoted some of his works to the history and ethnography of Iran: “Bazare und Wohnhäuser in Persien” in Asien (No. 4, 1913); “Feier des Kurban-Bairam in Teheran” in the same issue of the Asien journal; “Der persische Kalender” in Asien (No. 8, 1913); “Die Bachtiaren” in Asien (No. 10, 1913); “Aus Teheran” and “Der persische Küstenstrich am Kaspischen Meer, seine Erzeugnisse und sein Handel” in Asien (No. 13, 1913), and many others.

Carl von Hahn regularly put out publications about German, Austrian and Swiss scholars who visited the Caucasus at the turn of the 20th century for scholarly purposes. It should be said that he made a significant contribution to the study of the scholarly activities and life of prominent German researcher and public figure Gustav Radde, who founded the Caucasian Museum (now the Academician Janashia State Museum of Georgia). In 1912, Museum Caucasianum (Vol. VI) (the Caucasian Museum’s periodical publication) carried his biography of Gustav Radde in Russian and German. Another article devoted to the same scholar entitled “Aus den Jugenderinnerung eines deutschen Kaukasiers. Biographische Skizzen (über G. Radde)” appeared in Deutsche Monatsschrift für Rußland.

He wrote a lot about other prominent scholars and travelers who studied the Caucasus: Gottfried Merzbucher, Moriz von Dech, Martin Rickly, Roderich von Eckert, and others. The following deserve special mention: “Puteshestvie po Kavkazskim goram” (Travels in the Caucasian Mountains),

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17 See: Deutsche Monatsschrift für Rußland, No. 1, 1912.
18 See: Kavkaz, Nos. 228, 235, 237, 1896.
“Istoricheskiy ocherk inostrannykh ekspeditsiy dlia issledovaniya vysochayshikh gor Kavkaza” (Historical Essay on Foreign Expeditions that Studied the Highest Caucasian Mountains); 19 “Maloissledovannye ugolki Kavkaza i puteshestvie von Dekhi k verkhoviam Laby i cherez pereval Tsageker na Sukhum” (Little Studied Corners of the Caucasus and von Dech’s Travels to the Upper Reaches of the Laba and across the Tsagerker Pass toward Sukhum); 20 “Cherez Klukhorskiy pereval” (Across the Klukhor Pass); 21 “Trudy R. von Erckerta” (Works by R. von Erkert); 22 “Necrolog N. von Zeydlitz” (Obituary of N. von Zeydlitz); 23 and others.

Carl von Hahn’ life and academic and teaching activities attracted the attention of his colleagues, G. Merzbacher among them, who wrote “Carl von Hahns kaukasiische Studien.” 24

Carl von Hahn contributed to the progress of pedagogical sciences in Georgia; as a practicing teacher, he detected that German-language literature was not adequately represented in the secondary school curricular. Back in 1879, Carl von Hahn published his selection of German poetry (including Goethe, Schiller, Heine, and others) entitled 54 stikhovorenia dlia perevodov i zauchivania na pamiat so slovarem dlia mladshikh, srednikh i vysshikh klassov gimnazii i realnykh uchilishch (Fifty-Four Poems for Translation and Memorization with Vocabulary for Primary Schools and Students of Grammar and Comprehensive Schools).

In 1895, he published ancient Greek myths in German in Tbilisi; in the introduction he explained that it had taken him a long time to find the best book among the German works for children to be used after adaptation as a textbook in primary schools. This was G. Klee’s Hausmärchen aus Altgriechenland. Adapted with the author’s permission, it appeared under the title Domashnie drevnegrecheskie skazki G. Klee (Ancient Greek Fairytales Collected by G. Klee for Reading at Home). It was adapted for primary school pupils and supplied with a vocabulary, grammar, and other notes.

The last book that appeared during his life in 1924 was another pedagogical work: the first textbook of Georgian geography published in Stuttgart Kurzes Lehrbuch der Geographie Georgiens (Sakartvelos Respublika) und im Anhang des Kaukasus, Aderbeidjans und Armeniens. 25

C o n c l u s i o n

I would like to conclude this short survey of the life and academic and pedagogical activities of Carl von Hahn, an outstanding student of the Caucasus, with what Prof. L. Melikset-Beck had to say about him: “Karl Fedorovich Hahn was one of the last representatives of the old school of Caucasian studies. He was a veteran Caucasian scholar who, though not belonging to any of the local nationalities could still be described as an old-timer in the Caucasus, traveled the region far and wide. He

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20 See: Kavkaz, No. 239, 1911.
21 See: Izvestia Kavkazskogo otdelenia Rossiiskogo Georgraficheskogo Obschestva, Issue XXII.
22 See: Ibid., Issue XIV.
23 See: Ibid., Issue III.
24 See: Ebd., No. 49, 1903.
probably knew the Caucasus better than the local people, its autochthonous population who knew the nature of the Caucasus, appreciated it, and loved it.”

We are convinced that our contemporaries, members of the Georgian academic community, can learn a lot by studying his scholarly heritage and by using this work as a guidebook to the history and ethnography of the Caucasus.