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*The Special Feature section in the next issue will discuss:*

**Central Asia and the Caucasus**

- Political and Economic Development Trends
- World and Regional Centers of Power and their Impact on the Regional Situation
- Multinational Companies in the Economic and Political Environment in Central Asia and the Caucasus

**ENERGY RESOURCES AND  
ENERGY POLICY****CASPIAN OIL  
IN THE REGIONAL ECONOMIC AND  
WORLD POLITICAL CONTEXTS****Gennady STARCHENKOV**

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**I**n May 2005, a fairly pompous ceremony in Baku marked the filling of the Azeri stretch of the Baku-Tbilisi-Ceyhan pipeline (BTC) with oil. A lot of high flowing words were said as the oil reached Georgia and Turkey. In November, the wave approached the shores of the Mediterranean. Those who spoke at the final celebrations in Ceyhan were convinced that the pipeline would

radically improve the economic and political situation of all the local countries, primarily Azerbaijan, Georgia, and Turkey, and would make them more stable and secure. After a while, however, the emotions aroused by the inflated expectations subsided under the pressure of more rational assessments of the geopolitical and regional changes brought about by the “project of the century.”

**Local Oil and  
Globalization American Style**

The continued prosperity of America and the states of the “golden billion” depends on raw materials supplied by other countries, their own resources being fairly limited. This explains the zeal

with which the United States and its allies are trying to gain access to the natural riches of others. The methods are well known: liberal reforms and privatization of state enterprises. This started back in the 1990s when the downfall of the Soviet Union triggered a re-division of the world. The struggle for non-renewable energy sources was rekindled, while its center shifted from the Middle East to the former Soviet republics on the Caspian shores.

The United States, however, has not abandoned its attempts to punish those Mid-Eastern oil producers who ignored the orders of the only superpower. In 2003, under flimsy pretexts, Britain and America declared a war on Iraq, one of the OPEC founders with a key role to play in price formation on the oil market. It was at the same time that the U.S. branded the Islamic Republic of Iran first a “rogue country” and then part of the “axis of evil” to toughen up American sanctions. In the 1990s, American oil companies gained access to Caspian oil as an alternative to Mid-Eastern oil and the oil produced by the OPEC countries.

The Caspian countries are no rivals of the Middle East when it comes to the amount of oil reserves: the Middle East is literally floating in oil. In the last decade of the 20th century, when Western firms first betrayed their interest in the oil of Azerbaijan, Kazakhstan, and Turkmenistan, the local media spoke of the great future of Caspian oil. Americans were talking about 10 billions tonnes of oil reserves (later, in 2000, they cited a figure of 30 billion). According to OPEC’s estimates, the reserves were not more than 23 billion tonnes, while Russian experts agreed on a figure of 15 to 20 billion. Only 10 percent of the total oil reserves are concentrated in the Caspian; over 60 percent of the world’s total oil riches are found in the Middle East. The Caspian stands no chance of becoming “another Persian Gulf.”<sup>1</sup>

In fact, the United States and its NATO allies cherish the idea of opposing the Middle East with eventual additional amounts of oil to push down world oil prices. There are other no less attractive opportunities: while Mid-Eastern oil producers rely on state companies, the newly independent countries deprived of Moscow’s support found themselves in dire straits. They all were only too glad to invite the oil giants to their oil markets and were seeking foreign investments in their oil and gas industries. The United States hastened to exploit the chance to declare the Caspian area and the Caucasus a sphere of its strategic interests; American companies, as well as companies of other imperialist states struck root in the local economies. More than that: the West and its companies did their best to squeeze out “imperialist Russia” from the Caspian, the Caucasus, and Central Asia.

The results were fairly modest: contrary to what Western ideologists and their Russian supporters were saying, the Soviet Union was not an empire. It never exploited the republics at its fringes; in fact, it supported them in all spheres—political, social, and economic—and supplied their economies with trained specialists. This explains why they did not hasten to sever trade, political, and cultural ties with Russia and turn to the West.

Still, for two reasons, those who wanted Russia out of these areas stood a good chance.

- First, ruined by the IMF-imposed liberal reforms, Russia could no longer support the former republics or maintain the active economic cooperation of the Soviet period.
- Second, neither the Yeltsin nor the Putin cabinets arrived at a clear and rational policy regarding the former Caucasian and Central Asian republics; the same was true of other post-Soviet states. Abandoned by Moscow, they followed the road of economic and political re-orientation.

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<sup>1</sup> See: *Azia i Afrika segodnia*, No. 12, 2001, p. 19; *Central Asia and the Caucasus*, No. 1 (25), 2004, p. 90.



## Successes of Azerbaijan's Oil Sector

After declaring its independence in 1991, Azerbaijan aimed to develop its oil industry to earn money for other economic sectors. To achieve this, its president, Heydar Aliiev, used the State Oil Company of the Azerbaijan Republic (SOCAR). Its obviously inadequate financial resources forced the country to adopt laws designed to attract transnational companies willing to invest in Azeri oil.

Soon after that, SOCAR announced the discovery of three promising oil fields in the Caspian (Azeri, Gunashli, and Chirag). In 1994, Azerbaijan signed the "contract of the century" with an international consortium of four American, one British, one Turkish, SOCAR, and some other firms<sup>2</sup> to develop the newly discovered oil fields. Still later, albeit smaller fields were discovered and transferred to foreign firms for development. In 2005, there were over 30 foreign companies working in the republic.

Gradually expert assessments of Azerbaijan's oil riches increased to reach, according to Russian experts, the figure of 3.5 to 5.6 billion tonnes.<sup>3</sup> Americans supplied an even higher figure of 10 billion tonnes.<sup>4</sup> In any case, the republic was rich in oil to be extracted by SOCAR and foreign firms. While in the first half of the 1990s oil production was declining, after a while it stabilized and began to grow: in 1980, Azerbaijan extracted 14.7 million tonnes of oil; in 1990, 12.5 million; in 1996, 9.1 million, in 1998, 11.4 million; and in 2003, 15.4 million. SOCAR produces over 50 percent of the total amount.<sup>5</sup>

After a while, in 2003, more oil fields were discovered; optimistic information appeared, both in Azerbaijan and abroad, that even more oil could be extracted, mainly on the Caspian shelf. In anticipation, American and other companies insisted on building an oil pipeline to the Mediterranean.

## The Bottlenecks of the Azeri Oil Route

More oil meant more transportation options. At first small quantities of oil were moved by rail or by road to Batumi on the Black Sea coast of Georgia where oil was pumped to tankers and shipped to Turkey, or further on through the Black Sea straits. In 1993, a 926-km-long oil pipeline between Baku and Supsa (not far from Batumi) via Tbilisi made the task easier, yet the western route could move only relatively small quantities of oil. The problem called for a radical solution.

At first, Azerbaijan used the Russian 1,411-km-long pipeline between Baku and Novorossiisk via Grozny; after a while, in the mid-1990s, this became harder because Chechnia tried to appropriate the transit payments. Russia hastily replaced the stretch that crossed Chechnia with another pipeline outside the unstable republic to move the agreed amounts of oil along the Baku-Tikhoretsk-Novorossiisk route.<sup>6</sup> Azerbaijan exported about one-third of the total amount of the extracted 15-16 million tonnes of oil. The world, however, needed more—the country could meet these requirements.

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<sup>2</sup> See: I.S. Zonn, *Kaspiyskaia entsiklopedia*, Moscow, 2004, p. 233.

<sup>3</sup> See: *Ibid.*, p. 24.

<sup>4</sup> See: *Neft Rossii*, No. 4, 2005, p. 39.

<sup>5</sup> See: *Bulletin OPEC*, Vienna, IX, 1997, p. 7; *Azia i Afrika segodnia*, No. 2, 1995, pp. 45-46.

<sup>6</sup> See: I.S. Zonn, *op. cit.*, p. 273; *Azia i Afrika segodnia*, No. 2, 2005, p. 46.

The Baku-Tbilisi-Ceyhan pipeline is a brainchild of the United States and Turkey, which signed an agreement with Azerbaijan on its construction in 1993 in Ankara. In 1998, the presidents of Azerbaijan, Georgia, Kazakhstan, Turkey, and Uzbekistan signed a Declaration on Caspian Oil Supplies to the World Market. The U.S. Secretary of Energy put his signature under the document as well. The project, 1,730 km long with an annual capacity of 50 million tonnes of oil, was expected to cost \$2.9 billion. The money was supplied by a consortium of eight of the largest oil companies eager to obtain an alternative oil transportation route. BP of Britain was the operator, while UNOCAL of the U.S., Statoil of Norway, Turkish Petroleum of Turkey, ENI of Italy, Total Finna Elf of France, Itochi Oil of Japan, Delta Hess of Saudi Arabia, and SOCAR were involved as participants. The project was launched in September 2002 at the Sangachal terminal to the south of Baku; it was expected to be completed by 2005.<sup>7</sup>

None of the oil companies of Russia, Kazakhstan, Turkmenistan, Georgia, or Uzbekistan, the countries interested in the new oil route, were among the participants. They refused to participate for different reasons: first, the shocking cost; second, some of the companies doubted there would be enough oil to move it along the new pipeline, which made the project a money-losing enterprise. Third, the pipeline was expected to cross fairly volatile regions: Azerbaijan and Georgia were resolved to use force to restore their territorial integrity; and Turkey was plagued by terrorist acts organized by the Kurdistan Workers' Party. (In the summer of 2005, Premier of Turkey Erdogan said to President George W. Bush that "in recent months his country has lost more soldiers killed by Kurds than America in Iraq."<sup>8</sup>) Russia expected its transit revenue to drop once the pipeline was commissioned.

Today, despite the celebrations in Ceyhan about the consortium, participants and experts from other countries are offering much more sober assessments of the project.

## Winners and Losers

Russian and foreign experts believed that Azerbaijan would be the main winner and Russia would be left out in the cold as the main loser. A more detailed investigation, however, casts doubt on this. The users of Caspian oil are the main winners: the American, British, and other oil companies gained direct access to another source of oil and greatly increased their influence in the region.

As the supplier and transit country, Azerbaijan is totally satisfied: the high oil prices bring more money into the republic's coffers, yet the new pipeline is fractionally responsible for this. It will do nothing to improve living standards: oil transit will generate no more than \$130 million a year, or \$0.16 per capita per month.<sup>9</sup> The country expects to become the pipeline's only owner by the year 2025 by buying up the shares of all the other shareholders. It should be said that the pipeline's future depends on the three oil fields mentioned above (Azeri, Gunashli, and Chirag), which will yield 700 million tonnes of oil in the next 20 years (there will be about 200 million tonnes left). To become the pipeline's only owner, Azerbaijan will have to buy 75 percent of the shares of the consortium's participants, the real cost of which is about \$3 billion; together with the credit interest, the figure will be \$3.6 billion. Transit revenue will be negligible. This shows that the citizens of Azerbaijan are unlikely to enjoy the promised prosperity in 20 years' time.

In the first five years of the pipeline's functioning at its full capacity, Georgia will receive \$0.12 per barrel; in the next 15 years, this figure will rise to \$0.17; on average the country can count

<sup>7</sup> See: I.S. Zonn, op. cit., pp. 72-73.

<sup>8</sup> *Hurriyet*, 10 July, 2005.

<sup>9</sup> See: *Neft Rossii*, No. 7, 2005, p. 18 (the quoted calculations for the three countries have been made by Vl. Mishin).

on an annual income of \$60-65 million (1.2 percent of its GDP for 2004, or about \$1 per capita per month). This did not prevent Georgian President Mikhail Saakashvili from delivering an enthusiastic speech in Baku, in which he promised that BTC and the Baku-Tbilisi-Erzurum pipeline will create prosperity for all the countries of the region.<sup>10</sup>

Seen from Turkey, the prospects are not bright either: in the first five years the local tariffs will be \$0.2 per barrel and will gradually increase to the \$0.37 level, that is, \$130 million a year. This will comprise 0.07 percent of the country's GDP for 2004, or \$0.16 per capita per month, which is even lower than in Georgia.

These fairly modest incomes may become jeopardized if smooth transportation is disrupted. Experts do not exclude this, therefore the problem of guarding the pipeline has come to the fore. The choice is between the local security services and special units of the United States and its allies. In fact, there have been American troops stationed in Turkey for more than 50 years now; they have been present in Georgia for the last four years and may come to Azerbaijan (it should be said that the American army failed to reliably protect the Kirkuk-Ceyhan oil pipeline in Iraq). In this case, the United States would have strengthened its position in the Southern Caucasus and the Caspian area.

Georgia and Turkey will be hardly allowed to buy Azeri oil for prices lower than the world prices. In fact, the prices increased from \$31 per barrel in 2003, when the project started, to \$60 or even \$70 in 2005, when the project was commissioned.<sup>11</sup> In any case, the price issue is not a monopoly of SOCAR—it belongs to all the companies involved.

I have already written that Azerbaijan produces over 15 million tonnes of oil, 33 percent of which it exports. To be profitable, the BTC pipeline should move at least 35 million tonnes, or 70 percent of its capacity. Being aware of this, the consortium is counting on oil from Kazakhstan and, to a much lesser extent, on Russian and Turkmenian oil.

## Oil from Kazakhstan— A Chance of Survival

In 1990, under Soviet power, the republic produced 25.8 million tonnes of oil; at the dawn of its independence, in 1996, the country produced 22.9 million tonnes. It reached the old level of oil production (25.9 million tonnes) in 1998.<sup>12</sup> In 1993, when an international consortium was set up to develop the hydrocarbon potential of the republic's Caspian sector, geological prospecting and oil production were intensified. In 1997, a production sharing agreement was signed in the United States; some time later a consortium called Offshore Kazakhstan International Operating Company (OKI-OC) was set up with the participation of Ajip (Italy), ExxonMobil (the U.S.), Shell (Dutch-British), Total Finna Elf (France), and others, which received certain economic privileges as investors.<sup>13</sup> The republic started developing shelf oil even before the Caspian states divided the sea. It turned out that Russia and Kazakhstan claimed the same two oil fields as their own and agreed to use them together on the 50:50 principle. Kazakhstan owned several large oil fields (Tengiz, Karachaganak, and Kulkol); in 2000, another large oil field was discovered in Eastern Kashagan (7 billion tonnes of oil of estimated reserves). Over 200 oil fields contained 4 billion tonnes of oil (on land) and 15 billion tonnes off-

<sup>10</sup> See: *Ibid.*, p. 102.

<sup>11</sup> See: *Nezavisimaia gazeta*, 15 August, 2005.

<sup>12</sup> See: *Bulletin OPEC*, IX, 1999, p. 7.

<sup>13</sup> See: I.S. Zonn, *op. cit.*, pp. 100-101.

shore. In terms of its proven reserves Kazakhstan is one of the first five oil-rich countries in the world (its reserves are larger than those of Azerbaijan).<sup>14</sup>

Foreign money helped Kazakhstan to bring up oil production to 58 million tonnes in 2004. According to national forecasts, by 2015 the country could increase oil production to 150-170 million tonnes by moving offshore. This will allow the country to become one of the ten largest oil producers<sup>15</sup> and to push aside most of the OPEC members.

To export its oil, the country used pipelines inherited from the Soviet Union: Atyrau-Orsk, Uzen-Aktau, and Uzen-Samara. In 1992, an international structure—the Caspian Pipeline Consortium (CPC)—was set up to build an oil pipeline from Tengiz to Novorossiisk (1,580 km long with a capacity of 67 million tonnes of oil a year. It will cost \$2.3-2.4 billion). It was completed in 2001 and brought oil from Kazakhstan to the Black Sea. As soon as the oil terminal in Primorsk was completed, Moscow allowed Astana to use its pipeline which crosses the Baltic Sea.<sup>16</sup> Russia rented its tankers to Kazakhstan so that it could bring its oil to the Russian port in Makhachkala and in Enzeli in Iran. Later, Russia built more tankers, the first of which was transferred to Kazakhstan in 2004.<sup>17</sup> It was at the same time that Astana and Tehran agreed on the deliveries of Kazakh oil to Iran in exchange for an equal amount of south Iranian oil. The United States hastened to remind Kazakhstan that it considered Iran to be an “axis of evil” country and insisted on an economic blockade. The oil barter idea was dropped.

Simultaneously, the United States spared no effort to convince President Nazarbaev and his government to support the BTC project. Washington and Ankara forwarded the idea of an oil pipeline along the seabed from Atyrau to Baku. Russia and Iran actively objected to this. Moscow insisted that any leak might irretrievably damage the sea’s biological resources (90 percent of the world’s acipenserids live in the Caspian). Tehran pointed out that the Caspian states had not yet agreed on sea delimitation.<sup>18</sup> The project was shelved.

Even though Astana supports the idea of multivectoral transportation routes, it stayed away from funding the BTC project; later, it might reach an agreement on moving its oil along it and will send more of its oil by tankers to Baku. In view of the already achieved agreements and possibilities, however, Kazakhstan will have not enough oil for the BTC. The republic intends to sell part of its oil to China and even to Japan.

## What the Other Caspian States Think of the BTC Pipeline

The members of the consortium want to know what Turkmenistan, Russia, and Iran think of the new pipeline: they count on Turkmenian oil.

Turkmenistan is rich in raw materials, primarily in hydrocarbon resources; according to Ashgabad, the Turkmenian part of the Caspian Sea contains from 3 to 12 billion tonnes of oil; and the reserves of natural gas are even greater.<sup>19</sup> These figures naturally attract foreign companies which have already started geological prospecting to specify the figures.

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<sup>14</sup> See: I.S. Zonn, op. cit., p. 317; *Neft Rossii*, No. 3, 2005, p. 40.

<sup>15</sup> See: *Azia i Afrika segodnia*, No. 2, 2005, p. 48.

<sup>16</sup> See: I.S. Zonn, op. cit., pp. 2, 16, 217, 273.

<sup>17</sup> See: *Izvestia*, 14 December, 2004.

<sup>18</sup> See: *NG Sodruchestvo*, 31 May, 2000.

<sup>19</sup> See: I.S. Zonn, op. cit., p. 368.

In the past, the republic relied on its railways to send oil to the central regions of the Soviet Union; President of independent Turkmenistan Niyazov is planning a single railway network to connect the country with Iran, Uzbekistan, Kyrgyzstan, Kazakhstan, and China. Late in the 1990s, the country acquired a railway stretch between Tejen and Mashhad in Iran, the larger part of it running across Iran.<sup>20</sup>

Sea transport is coming to the fore: the country first chartered and then bought tankers (the first of them was named after the president's father<sup>21</sup>) to move its oil to Makhachkala, from which oil is moved by pipeline to Novorossiisk. After a long interval caused by the conflict between Ashghabad and Baku over three offshore oilfields, the sea ferry resumed its functioning—it moves railway cars from Turkmenbashi (formerly Krasnovodsk) to Baku.

In fact, Ashghabad can send more oil to the BTC pipeline, yet President Niyazov concentrated on gas production and gas pipelines going to the west, to Europe via Iran and Turkey; to the south, to Pakistan and India via Afghanistan, and to the east, to China and Japan via the Turkic republics of Central Asia. This explains why oil-related projects are put on the back burner.

According to different estimates, Russia accounts for 6 to 10 percent of world oil production; its main oilfields are found in Eastern Siberia, and smaller ones are found in the Northern Caucasus and the Caspian area which use the pipeline leading to Novorossiisk. It was at the turn of the current millennium that Russia started developing its part of the Caspian shelf.

A multipurpose North Caspian Sea Steamship Line based on the oil tanker line Reydtanker founded in 1938 is operating in Astrakhan. It brings cargoes to the river ports of the Russian Federation and to the ports of the Caspian, Azov, and Black seas. Oil goes to the Novorossiisk pipeline.

Experts in Russia pointed out many times that the BTC project was too expensive, that it would require special protection, and that there would be not enough oil to load it to its capacity. These experts believed that the pipeline was unlikely to be profitable and maintained that it was built for political rather than economic purposes. The consortium examined the arguments and found them unconvincing.

Today the consortium and other interested companies are looking for more oil suppliers for their already commissioned pipeline. Naturally enough, they turned to Russia: there are plans to reverse the Baku-Tikhoretsk-Novorossiisk oil pipeline to move some of Russia's oil to Ceyhan. At the same time, groups of experts are trying to establish whether Kazakhstan would find it more profitable to use the Caspian stretch of the CPC to move its oil to Baku. So far, the Russian Transneft Company is ignoring these efforts, yet if enough oil is discovered in the Russian part of the Caspian shelf, the reverse variant might prove viable.

Iran has several hundred kilometers of the Caspian shore; in the post-Soviet period it suggested that the sea should be divided into equal parts (20 percent of the sea to each of the coastal states). Most of the newly sovereign states rejected the idea. Iran's uncompromising position does not allow the coastal states to divide the sea. Iran discovered large oil fields and even larger reserves of natural gas; every year it extracts over 200 million tones, according to OPEC quotas. Its main oil fields are found in the southern and central parts, therefore the country's north suffers from a lack of oil and oil products. (This explains why the country tried to realize the barter idea with Turkmenistan and Kazakhstan.) At the same time, the country has just started geological prospecting of its Caspian coast and shelf. When Azerbaijan announced a tender for developing the oilfields in the contested zone, Iran sent its military aircraft and warships there to scare the foreign companies away. Today, neither side dares to move close to the contested fields.

<sup>20</sup> See: *Persia* (Moscow), No. 1, 2000, p. 33.

<sup>21</sup> See: I.S. Zonn, *op. cit.*, p. 340.

Iran would like to see Caspian and Central Asian oil moved across its territory to the Persian Gulf and to the Southeast Asian states, the most promising users of energy fuels, yet the American sanctions and warnings are keeping the pragmatically-minded countries away. In this way, Iran is deprived of the opportunity to use its geostrategic advantages to move oil along a vertical route. Iran will not use the BTC pipeline; this may happen, however, if large oil reserves are discovered in the south of the Caspian.

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The BTC pipeline serves the interests of most of the Caspian oil exporters, as well as of oil users in the West and Turkey. Azerbaijan, Georgia, and Turkey, the transit countries, may count on additional, albeit modest revenues.

This will happen if the pipeline is used to its maximum capacity—so far there is not enough Caspian oil to achieve this, therefore we can conclude that the pipeline serves political rather than economic aims. This is true primarily of the United States, which is resolved to build up its political, economic, and military control over the oil-rich areas in the Middle East, the Caucasus, and Central Asia.

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## INDIA'S ENERGY SECURITY AND CENTRAL ASIA'S ENERGY RESOURCES

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

**T**his century will witness the twilight of organic energy sources and perhaps the dawn of commercially successful non-organic sources. The mere truth that the former are non-renewable is a major caveat to their incessant use for future needs. This general parameter has several nuances for estimating how optimally and judiciously they can be used and how long we need to survive on them before newer technolo-

gy comes to take their place. Among the most important indicators are the shifts in energy source composition and the changes in the end-sector consumption packet. These shifts and changes reflect the various production possibility curves which can be projected beyond the energy horizons.

This has indeed been one of the important determinants for India in devising a cogent state

of sustained energy input without too much single-handed reliance on external sources. "The Indian economy has managed to maintain its growth momentum in spite of the low rainfall during the south-west monsoon and *the increase in world prices for oil and steel.*"<sup>1</sup> President of India Dr. Kalam devoted his speech on the 59th anniversary of Independence Day to India's energy security and the challenges ahead. Since India requires 114 million tonnes of oil annually, he outlined two principles of energy security. The first focused on the efficiency *mantra* for cutting down losses and taking a more synergistic approach to consumption. The second principle related to tapping all the energy sources at the local, regional, and global level, which include "coal, oil, and gas supplies, until the end of the fossil fuel era, which is fast approaching."<sup>2</sup> "Energy Independence" is an important strategic outlook for India, which he outlined in his speech, i.e. "total freedom from oil, gas, or coal imports." And the time period which India should set to achieve this goal is the next twenty-five years, i.e. by 2030. However, at the moment, the stage is set to increase imports not only of oil, but also of natural gas. This scenario might look quite paradoxical in view of what the president reiterated. But it is a necessary timeout, an intermediary stage on the path to attaining the ultimate goal of moving from "Energy Security" to "Energy Independence." India's energy-output ratio reflects the most inefficient use of energy sources. According to the World Energy Report, in 1997 the energy-output ratio amounted to 1.04 toe per \$1,000 (at 1990 prices) of the GDP, which was more than double the world average.<sup>3</sup> The main reason for this is that most of the energy needs in rural areas are met by non-commercial renewable resources and biomass which account for more than 40 percent of the total primary energy supply. This is both a boon and a

bane. Since this form of energy is relatively free from the energy security metaphor, it reduces the overall security factor by 40 percent. However, this also raises a giant obstacle to attaining energy independence. The energy demand generated by rural industrialization will certainly require more commercial energy, which is a big gap indeed.

The world average per capita electricity consumption is 2,500 kWh per annum, which is far below the OECD consumption levels of 8,000 kWh. According to Dr. Srinivasan, former chairperson of the AEC, if India is hoping to provide at least 5,000 kWh per capita annually by the middle of this century, 1,250-1,350 GW of electricity will be needed, compared to the current generation capacity of 111 GW.<sup>4</sup> This 10-fold increase will be a crucial test for fossil fuel. There is another way of looking at the scenario, according to Anil Kakodkar, current AEC chairperson. If India's economy grows at a rate of more than 5 percent over a 40-year period (which is very likely), by the middle of the century, incomes will rise 8-fold, which is bound to generate a significant rise in electricity consumption. These challenges must be met and "all the options should be tapped, including efficient use of the known fossil reserves, looking for a larger fossil resource base, competitive import of energy (including building gas pipelines, wherever permissible, based on geopolitical considerations which are feasible from the techno-commercial viewpoint), harnessing full hydro potential for generating electricity, and increasing the use of non-fossil resources, including nuclear and non-conventional."<sup>5</sup> At present, nearly 70 percent of electricity comes from thermal sources; hydroelectricity constitutes about 26 percent, and nearly 2.5 percent is nuclear. The potential for expanding the production of hydroelectricity is very limited, and the fast depletion of fossil fuels, accompanied by world price fluctuations, are serious arguments for

<sup>1</sup> Emphasis added. *Economic Survey 2004-2005*, Govt. of India, p. 1, available at [http://indiabudget.nic.in].

<sup>2</sup> President of India, Dr. APJ Abdul Kalam, speech on 59th Independence Day anniversary, available at [http://www.presidentofindia.nic.in].

<sup>3</sup> See: *World Energy Outlook 1999*, p. 132, available at [http://www.iea.org].

<sup>4</sup> See: M.R. Srinivasan, "The World's Energy Resources and Needs," remarks at the Inter-Ministerial Conference on "Nuclear Power for the 21st Century," 21-22 March, 2005, Paris, available at [http://www.doe.gov.in].

<sup>5</sup> A. Kakodkar, "Energy in India for the Coming Decades," remarks at the Inter-Ministerial Conference on "Nuclear Power for the 21st Century," 21-22 March, 2005, Paris.

expanding the use of nuclear power. It is very unlikely, given the above scenario, that demand for oil and gas will slacken. In fact, the absolute consumption of these fuels has been steadily growing, both in developed and emerging economies. According to the *International Energy Outlook 2005*, the emerging economies of Asia, particularly China and India, are going to increase their demand for energy supplies by no less than 5 percent per year.<sup>6</sup>

India's incremental demand for primary commercial energy accounts for 9 percent of the world total.<sup>7</sup> Given the country's limited oil and gas resources, the consumption of coal is expected to grow, increasing India's share in world coal consumption to 10 percent by 2020.<sup>8</sup> The growing importance of natural gas and oil in industrial forms of energy use will make India more

and more vulnerable to international oil-price fluctuations. High prices increase the foreign exchange cost of imported oil. India's import bill for crude oil and petroleum products increased from Rs. 34 thousand crores in 1996-1997 to more than Rs. 78 thousand crores in 2000-2001. And, given the current trends, the inflation rate will continue to play its part in the next few years (see Fig 1). India's crude oil imports have already been increasing at a steady pace. In 2000-2001, net imports amounted to 74.1 million tonnes, which rose to 90.4 million tonnes in 2003-2004.<sup>9</sup> And a sustained demand of 6-7 percent is expected to continue for the time being. The highest demand for oil comes from the transportation sector. The consumption of petroleum products has almost doubled in the last decade. The total consumption of light, middle, and heavy end distillates along with private sector imports was 55 million tonnes in

<sup>6</sup> See: Energy Information Administration, U.S. Govt., *International Energy Outlook 2005*, p. 12, available at [<http://www.eia.doe.gov/>].

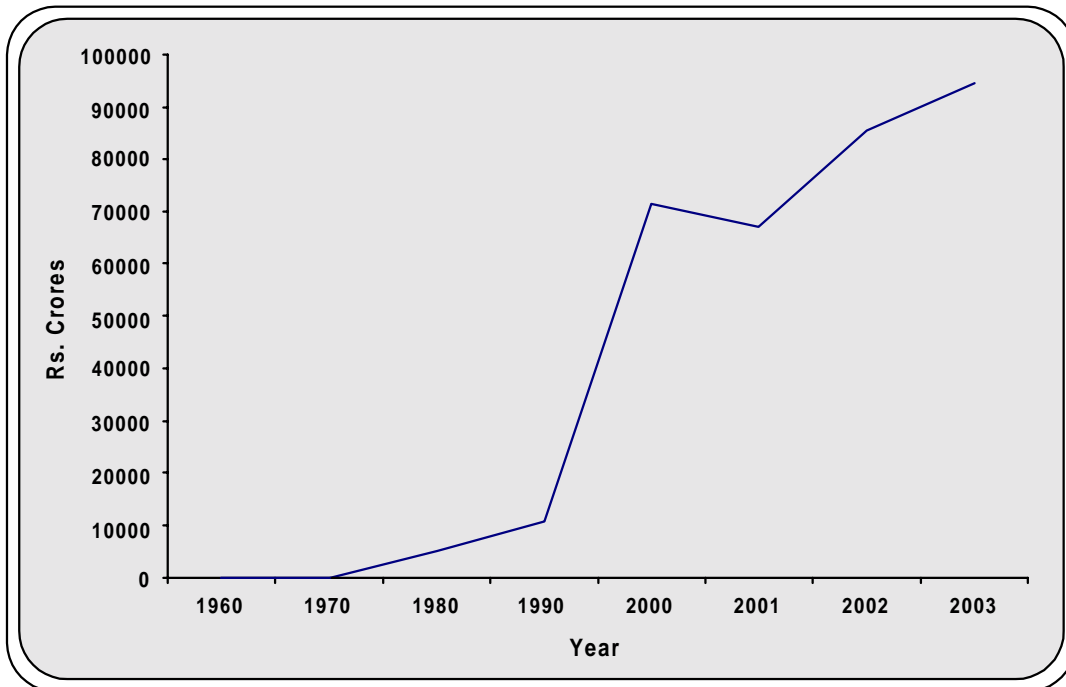
<sup>7</sup> See: *World Energy Outlook 2000*, p. 306, available at [<http://www.iea.org/>].

<sup>8</sup> See: *Ibidem*.

<sup>9</sup> See: *Economic Survey 2005*, Govt of India, Table 1.30, S-30, available at [<http://indiabudget.nic.in/>].

Figure 1

India's POL Imports





1990-1991, which rose to 100 million tonnes in

<sup>10</sup> See: *Annual Report 2003-04*, Ministry of Petroleum, Govt. of India, available at [<http://petroleum.nic.in>].

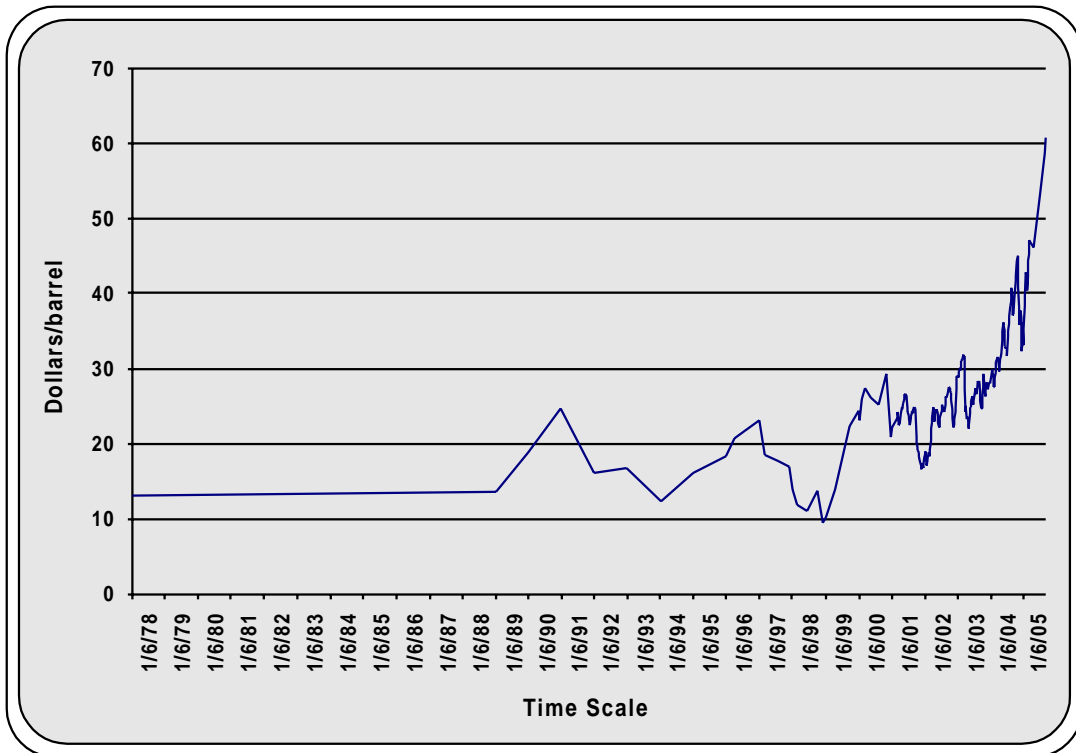
2000-2001.<sup>10</sup> This scenario is the harbinger of a careful look at the various options available and requires creating a synergy in them in order to minimize the transition lag that is bound to occur with the depletion of fossil fuels.

## Global Energy Outlook

The world is encountering a nigh daily growing demand for fossil fuels, largely emanating from developing economies, to such an extent that a significant change is already being witnessed on the energy market. The coming decades will see an increasing interplay between pricing and the geopolitical and technical factors governing the energy scenario. Global primary energy demand will increase from 9.1 billion tonnes of oil equivalent (btoe) in 2000 to 15.3 btoe by 2030.<sup>11</sup> The contribution of oil will remain significant, followed by coal, together constituting nearly 60 percent of the total primary energy mix. Oil will see the bulk of its demand arising from the transportation sector, whereas coal will contribute more to electric power generation, especially in developing countries. The coming century will see an increase in natural gas as the most preferred source, since it is competitive both in

Figure 2

World Oil Pricing (1978-2005)



<sup>11</sup> See: *World Energy Outlook 2002*, p. 58, available at [<http://www.iea.org>].

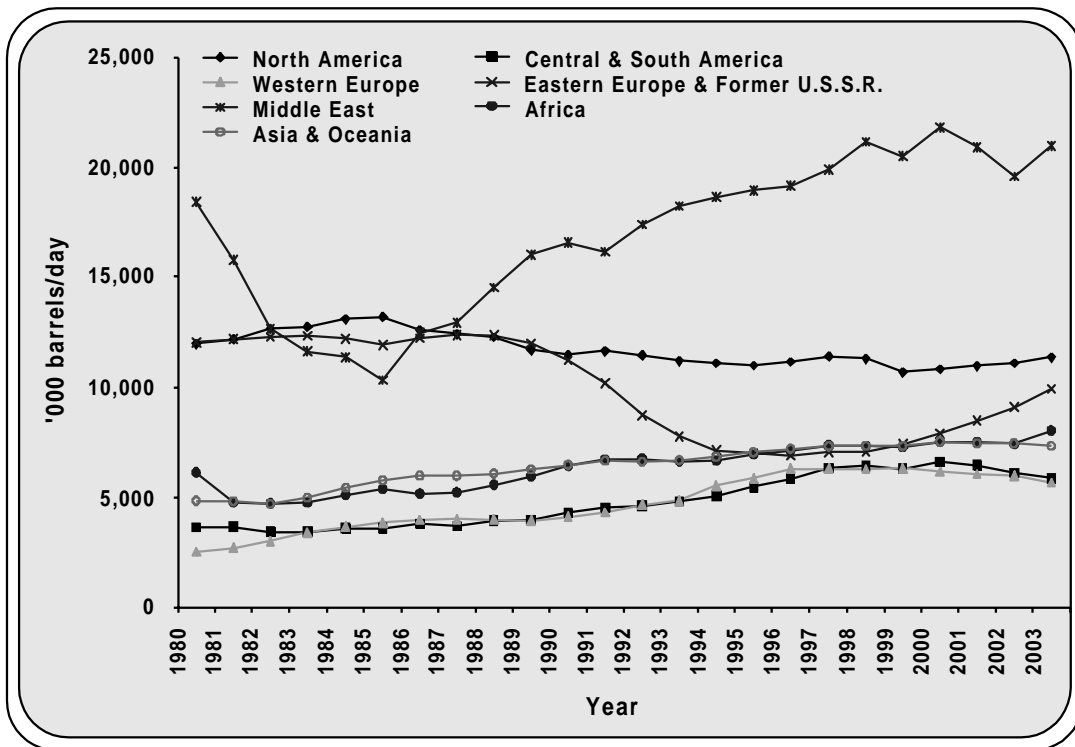
the transportation and the power engineering sectors. And its sectoral share will not only surpass coal by 2010, but might even supersede oil by mid-century. Already the demand for natural gas is rising the fastest, with an annual growth of 2.4 percent compared to oil's 1.6 percent. Another significant advantage of the shift toward natural gas is its low CO<sub>2</sub> emissions.

Most of the world's primary energy demand is expected to come from developing economies. The OECD and transition economies will together constitute no more than 40 percent of the total increase in global demand. However, their absolute share in gross consumption will remain high, close to 60 percent. China and India together will account for 45 percent of the total global coal demand by 2030. North America and OECD Europe will witness a faster growth rate in gas consumption. Japan, Korea, and the developing Asian countries will also witness a significant increase in nuclear power generation capacity. The share of electricity consumption is bound to grow fastest among all the final forms of energy. A growth rate of 2.4 percent per year is expected in the next two decades. Its demand is expected to rise by 4.1 percent in the developing countries, by 2 percent in transition economies, and by 1.5 percent in OECD. But nearly a third of the earth's population will still find itself in need of electricity, even as late as 2030.<sup>12</sup>

The pricing of petroleum products is one of the most crucial aspects when estimating the time span for adjusting to any new options. A hike in price of just a few dollars is enough to make us conscious of conservation technologies and search for viable alternatives. But, after adjusting to the new

Figure 3

World Crude Oil Production (1980-2003)



<sup>12</sup> See: *World Energy Outlook 2002*. Foreword.

price levels, the tendency to relax creeps back in. However, the emerging economies, especially India, can't afford inflationary pressure which eats up their modest growth benefits. The prospect of world oil prices slowing down the growth rate of emerging economies has worried India and other countries too. The recent upswing in crude oil prices has already given rise to inflationary pressure and inflation of the import bill. If we look at the price movement in Fig. 2 and Fig. 3, we see that at the beginning of the 1990s these indices fluctuated within a certain price range, rising to almost \$25 per barrel, then dipping once more to the previous low of \$13-15 per barrel. Throughout the 1990s, there were periods of low and high prices spanning over the decade. This century has witnessed a more or less jagged climbing of oil prices, almost exceeding \$60 per barrel. The nearly 400 percent increase in prices is even more glaring considering the cost of crude oil production, which comes to less than \$3 per barrel.<sup>13</sup> The 1990s have much to reveal about the geo-economics of oil pricing. The price fluctuations, like a double-humped Central Asian camel, hint that mobilization efforts are underway to create a common policy group of OPEC and non-OPEC producers on international oil pricing. Stable production from the Middle East since 2000 has helped to generate more favorable winds for the commercial exploitation of Eastern Europe and Former Soviet Union (EE/FSU) energy reserves.

## Energy from Central Asia

Most of non-OPEC production comes from the North Sea, FSU, including the Central Asian Republics, other states, such as Oman & Yemen, Brazil, and Columbia, and a few Southeast Asian nations. Together they constitute an expected share of 43 percent of potentially exploitable resources by 2025. Of this, the FSU will hold a nearly 30 percent stake in overall distribution. The outlook for growth in Russia's oil production is slightly more optimistic according to the *IER 2005* as Russian companies continue to surprise industry experts with productivity increases in Western Siberia and the resource-rich Caspian Basin.

Central Asia and the Caspian Sea region are the oldest oil-producing regions in the world. Commercial production dates back to the 1870s when the first oil well commenced production in Baku. By 1900, nearly 3,000 oil wells had already been drilled in Azerbaijan. The first offshore oil rig was installed in 1924. According to some estimates, the proven offshore oil reserves range between 17-39 billion barrels. The gas reserves are estimated at 177-182 trillion cubic feet (tcf). They constitute 2 and 5 percent of the world oil and gas reserves, respectively.<sup>14</sup> Territorial control over these reserves is shared among Russia, Kazakhstan, Turkmenistan, Iran, and Azerbaijan. Located internally, the search for a transportation network has been a critical condition for further development of these reserves. A geological survey of the region divides the basin into the north and the south Caspian basins. The east flank of the basins is interlocked with other smaller basins, the North Ustiurt, Mangyshlak and Amu-Darya basins. The north Caspian basin is an extended continental shelf mostly situated in Kazakhstan. It has some of the largest oil-bearing fields: Tengiz and Karachaganak, both onshore, and Kashagan, an offshore deposit. The South Caspian basin, which is largely under water, consists of thick sedimentary deposits exceeding 20 km.<sup>15</sup> The high sedimentation pressure favors the longer drilling life of the well.

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<sup>13</sup> See: Energy Information Administration, U.S. Govt., *International Energy Outlook 2005*, p. 31.

<sup>14</sup> See: P. Rabinowitz, *et al.*, "Geology, Oil and Gas Potential, Pipelines and the Geopolitics of the Caspian Sea Region," *Ocean Development & International Law*, Vol. 35, 2004, pp. 19-40.

<sup>15</sup> See: *Ibidem*.

Kazakhstan is the leading producer of marketable oil in the region. It has proven reserves of 6-8 billion barrels.<sup>16</sup> Uzbekistan has modest oil reserves of 0.6 bbl. However, Central Asia is essentially a gas-producing region. Its proven gas reserves amount to 6.6 trillion cubic meters.<sup>17</sup> Nearly half of them belong to Turkmenistan. The rest is primarily shared by Uzbekistan and Kazakhstan. There is an order of preferences among the CARs owing to their proximity to Russia and China, and also to the U.S. This has stood as a major hurdle to creating a collective market for their resources. Another major problem has been timely payments due to the complicated system involving transit party, supplier, and consumer. This three-tier payment system has discouraged the export of resources to new areas. Obviously, efforts are being made to diversify by means of newer pipelines. While Kazakhstan is interested in looking toward China for that matter, Turkmenistan is keen to work with Iran, Georgia, and Turkey.

## Routes and Markets

The landlocked status of Central Asian energy resources has been a strong factor in linking the fields and their potential markets. These resources are primarily concentrated in Azerbaijan, Kazakhstan, and Turkmenistan. Azerbaijan and Kazakhstan are strong in oil resources and Turkmenistan leads in gas potential. Recently, the discovery of an offshore gas field at Shah Deniz has put Azerbaijan on the gas map too. The Kashagan block developed by the Offshore Kazakhstan International Operating Company (OKIOC) has added another 40 billion barrels to Central Asia's reserve chart.<sup>18</sup> Central Asia's energy resources have been traditionally marketed through the FSU's pipeline networks (Fig. 4). The Novorossiisk port on the Black Sea is still a vital maritime terminal for them. The sea route is fairly mature, and there are several pipelines which have been additionally planned under various considerations. One of the key geopolitical objectives has been to reduce sole dependence on the Russian network. The U.S. is particularly keen to divert the Azeri Caspian resources through Georgia and Turkey. This proved a direct threat to Russian interests. However, several logical decisions need to be made prior to its actual materialization. This not only depends upon the amount of investment needed, but also on the length of time sufficient delivery volumes can be guaranteed. Another vital factor is that alternative pipelines will have to pass through conflict-prone regions.<sup>19</sup> The Nagorno-Karabakh conflict has been detrimental to all pipeline decisions. There is also the issue of common pooling of resources, which requires that a common understanding be reached between several exploration companies and their host nations. These complex interests have turned the western and northern routes into geopolitical fault lines of the Caucasus.

Russia and Iran are another energy-exporting nations, the territory of which is contiguous to Central Asia's energy reserves. Their geopolitical encirclement of Central Asia's resources makes them doubly effective both as alternate energy options and vital transit routes for third party consumers. Owing to the dwindling North Sea energy resources, the Central Asian Energy Resources (CAER) offer a competitive alternative to Middle East oil. What is more, the high living standards in OECD Europe and concomitant need for high-calorie fuel sources to lower power consumption in the overall

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<sup>16</sup> See: J. Dorian, "Energy Resources in Central Asia," in: *Challenges and Opportunities in Energy*, Asian Development Bank, The Philippines, p. 30, available at [<http://www.adb.org>].

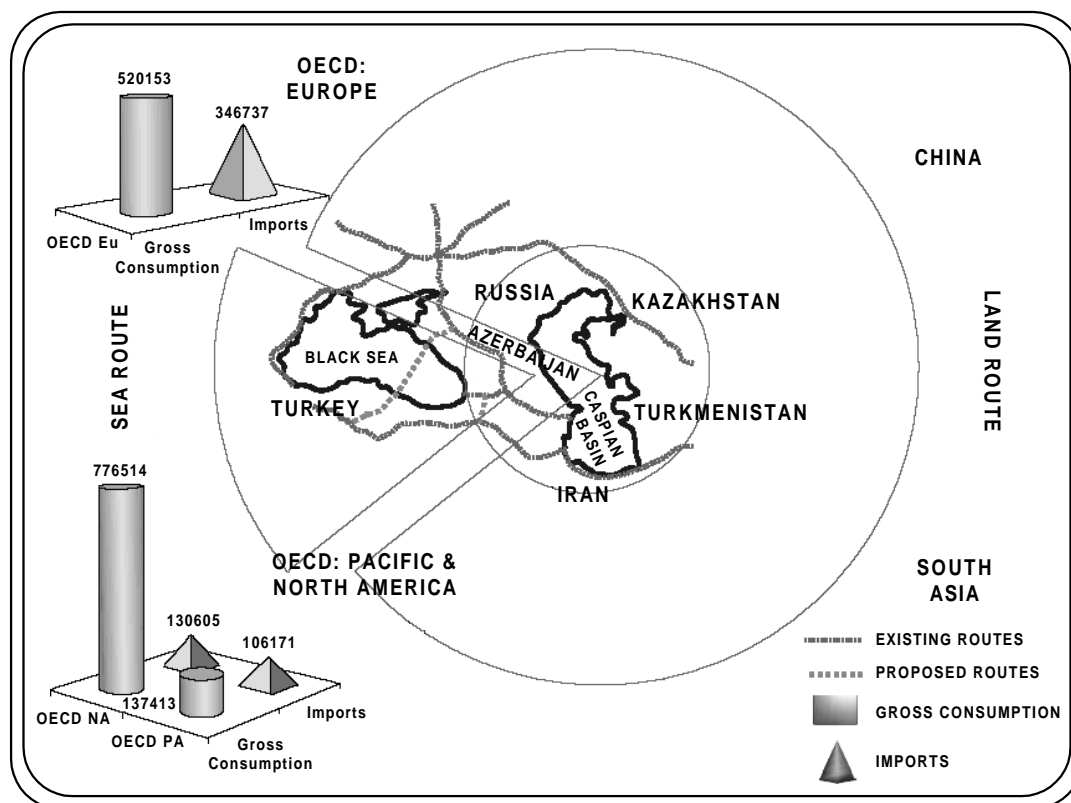
<sup>17</sup> See: *Ibidem*.

<sup>18</sup> See: G. Baghat, "Pipeline Diplomacy: The Geopolitics of the Caspian Sea Region," *International Studies Perspectives*, No. 3, 2002, p. 313.

<sup>19</sup> See: *Ibid.*, p. 320.

Figure 4

Energy Reserves and Potential Markets



economy have made natural gas a strong competitor of oil in industrial production. This has raised the stakes for Central Asian Gas (CAG) on these markets. Russia has tapped this situation well and has been extending its network through Eastern European countries to these markets. This has also given OECD Europe considerable leverage vis-à-vis the U.S., which meets nearly all of its natural gas demands on the continent, mainly by means of Canadian supplies. Iran has been richly endowed in oil, as well as natural gas resources. It offers the shortest possible sea access to the Persian Gulf coast for international marketing. However, the U.S. presence in Iraq and the continuous hobnobbing over the nuclear issue has made this route dependent on the geopolitical climate. But the collective strategy adopted by Iran, China, and Russia is paying dividends. Iran has entered into oil swap agreements with Kazakhstan and Turkmenistan, which is helping them to overcome the financial and geopolitical difficulties.

Two new potential markets for CAER are the emerging Asian economies, China and India. So far, these economies have no direct access to these resources. At the beginning of the post-Soviet era, CAER were perceived as being disengaged from their past political economy. A new view emerged at the behest of the U.S., when these resources were felt to be brought closer to the warm waters of the tropical oceans, i.e. the Arabian Sea. India has shown hardly any inclination to bring these resources to South Asia. The obvious reason was India's imbroglio with Pakistan over Kashmir. Any thought of

undertaking such a venture could only mean the route passing through Pakistan. Besides, all the oil imports have been maritime, hence India still relied heavily on the Middle East as a source in terms of cost-benefit. However, the pipelines turned out to be nothing more than an empty dream, since Russia, China, Iran, and other countries were collectively proving to be equipotential alternatives to Central Asian resources.

Transportation channels had to be created due to its interior location. The existing infrastructure mainly connected these resources to Russia, the rest of the CIS, and Eastern Europe. Therefore the proposal was mooted after the advent of the Taliban to channel Turkmen gas via Afghanistan and Pakistan either to the ports or the main market in South Asia, i.e. India. The U.S. favored the South Asian route, since it was considered an extra opportunity to trounce Russia at its behest. India's geostrategic interest in Central Asia rose either way due to competitive vying for a vast market in its vicinity capable of consummating its energy security interests. This vying of interests coincided with the gradual transformation of Indo-Pakistani relations. But Afghanistan and Pakistan still have much to do to generate ample investment interest. Unocal's withdrawal is a good case in point. India has done nothing but benefit in the aftermath of the 11 September, 2001 attack, since the U.S. was compelled to intervene as an active party in forming the geopolitical climate. India was hoping to gain at the latter's expense as it attempted to link Pakistan's and Afghanistan's state interests to mainland South Asia. Alternatively, India has also been looking at making swap arrangements with Iran. In fact, this is considered to be the most pragmatic step from India's point of view. India's needs must be modified a bit here. LNG imports will be more suited to its needs than laying a pipeline in the Arabian Sea. The U.S.'s attitude toward Iran is still a geopolitical caveat to these developments.

## India's Security Options: A Shifting Paradigm

India's energy security must look for a multi-pronged approach in order to sustain the transition path in the coming decades. This approach must account both for the supply and production aspects and for the final forms of consumption. Global energy geopolitics requires that strategy be drawn up which ensures long-term needs. One of the immediate key steps taken by the government was to ensure a stake in the global energy market by acquiring overseas oil equity; sometimes equity oil is envisaged as part of the agreement. Both cases are meant to reduce the impact of a global escalation of oil prices. ONGC Videsh Limited (OVL) is a subsidiary of ONGC with a "mandate to undertake overseas projects on the exploration and production of petroleum and other petroleum products in order to augment the country's oil security and buy equity oil from its overseas ventures." OVL has acquired either fresh or already existing production capacities in Vietnam (gas), Russia (oil and gas), and the Sudan (oil). Oil from the Sudan has begun to reach India. Sakhalin oil is expected to arrive soon. India is also party to interests in Iran, Myanmar, Iraq, Libya, and Syria.<sup>20</sup> This quickening pace of diversification will help India to disperse its security load over numerous newer sources apart from the Middle East. However, there is the fear that efforts to draw CAER toward South Asia might lose momentum in this mêlée. But sustained interest from Iran and Pakistan can help maintain the cause for mutual benefit. There is also competitive vying for overseas coal fields. This multi-form of acquisition of overseas energy reserves is bound to pave the way for strengthening security facets.

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<sup>20</sup> See: *Annual Report 2003-04*, Ministry of Petroleum, Govt. of India, pp.17-18.

The second major strategy in the long-term perspective is to increase electricity generation, accelerating it as much as possible by increasing the production capacity of nuclear power plants. The Nuclear Power Corporation of India (NPCIL) is responsible for expanding nuclear power generation capacity. At present, it is running fourteen (two using boiling water, and 12 pressurized heavy water (PHW)) reactors with a total generation capacity of 2,770 MWe. In addition to these, the NPCIL has also undertaken the construction of eight (6 PHW and 2 light water) reactors, which expand its total generation capacity to 3,960 MWe.<sup>21</sup> According to Anil Kakodkar, metallic fuels have a short doubling time and can ensure a sufficiently fast increase in nuclear installed capacity. As part of the synergy action plan, the Bhabha Atomic Research Centre (BARC) is working on a Compact High Temperature Reactor as a source of hydrogen, which will be an important energy carrier in future.<sup>22</sup>

The third strategy focuses on the final forms of consumption, especially in the rural sector. India's primary non-commercial energy consumption (42%) is almost as high as its commercial consumption (58%). The former primarily constitutes rural household and non-industrial demand. Hence, in rural areas more than 90 percent of the energy demand is met by means of Combustible Renewable Wastes (CRW). This energy gap between rural India and its urban areas is posing a huge threat to India's energy security. A significant shift from CRW in the rural scenario could possibly be compensated for by an increase in LNG as a source of fuel for domestic cooking and heating needs. CRW account for 54 percent of the total final consumption, which is far greater than China's 25 percent or even Thailand's 22%, a country in which nearly 80 percent of the population is rural.<sup>23</sup> Nearly 2/3 of CRW consist of bovine dung cake and crop residues; although there is increased use of kerosene and LNG in rural areas, the share of CRW has not declined. The average growth in CRW demand is expected to remain below 1 percent, hence by 2020 their overall share is expected to remain at 25 percent. But this requires a shift in industrial demand toward rural demand. Rural electrification and increased commercialization of agriculture will demand more energy input. This demand can only be met by immediately building more thermal power stations and increasing the capacity of nuclear power plants.

## *E p i l o g u e*

Development is an overarching concern which is undergoing a new spurt in light of the recent efforts during the last decade to promote liberalization and implement growth-oriented policies. Both the people and the present government of India have a consensual desire to achieve satisfactory economic indicators. Food safety, eliminating poverty, creating jobs, and transforming rural India seem to be the policy vision for the current century. "Bharat Nirman," if it ever comes to fruition, will have to have the Gandhian motto of providing development opportunities for the most downtrodden, weak, and poor. And no doubt this giant turning of wheel can only be accomplished by the sustained input of human, material, and energy resources. India's energy security will bear this preamble to charter out all its future needs and strategic initiatives.

India is perhaps the largest and most attractive destination for Central Asian energy resources, as it is the only market of its size close to the source. India's quest for energy security has become a multi-tier approach. The external component of energy production is mainly confined to transportation needs. However, Central Asia's gas resources offer an opportunity to extend this input to elec-

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<sup>21</sup> See: Executive Summary of *Annual Report 2004-05*, Atomic Energy Commission, Govt. of India, p. 1, available at [<http://www.doe.gov.in>].

<sup>22</sup> See: *Ibid.*, p. 12.

<sup>23</sup> See: *World Energy Outlook 2000*, p. 321.

tricity generation for industrial use. But, in addition to the economic, this must also be a geopolitical decision. Can India sufficiently adjust its developmental pace to external factors in such a delicate situation where Pakistan and Afghanistan will be involved? The second option may be to think about transmitting electricity such long distances instead of gas. So far, there is no common South Asian grid which could be linked to a potential Central Asian grid. The question arises of how and to what extent the destinies of the Asian communities can be interwoven. They have their distinctive Asian heritage in common. Can a poverty-ridden South Asian society seek amelioration from a Central Asian or West Asian society? Or can a West Asian society seek a way to diversify its energy needs in a non-Eurocentric world through trade and other forms of commerce? These are all levels of maturity for a truly global society, in which regional consolidation is also a vital component. Without it, it will be impossible to join together the hexagonal patches from which the giant football, the Earth, is formed.

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# WHAT MAKES THE PARLIAMENTARY AND PRESIDENTIAL ELECTIONS IN CENTRAL ASIA AND THE CAUCASUS SPECIFIC

## ELECTIONS IN CENTRAL ASIAN STATES: POLITICAL RIVALRY IN A TRANSITIONAL SOCIETY

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The beginning of the third millennium is a very difficult time to make an objective assessment of the events going on in the countries and regions of the world. The images of the Great Chess Board, the classical heritage postulates espoused by geopoliticians, the attempts to create new “symbols of evil,” and the deliberate

criticism of democratic principles as a universal political dominant are too often distorting the objective picture of our reality. In this respect, a well-balanced analysis of the electoral processes in the newly independent states of Central Asia is of considerable interest. The significance of the party and personal composition of the power institutions

in the region's countries is determined not only by their resource potential, the situation in Afghanistan, and the fight to prevent new threats to international security. Although Central Asia is historically closely related to Russia, today there are several other major foreign political actors in the region who are declaring their interests: the U.S., Turkey, China, Iran, Pakistan, India, and the European Union with its individual countries. Their participation is giving all the political processes going on in the Central Asian republics a comprehensive and de facto global dimension.

Acquiring national sovereignty and achieving development under conditions of post-union statehood have become serious tests for these

countries. During these years, their social systems have come close to the critical mark on several occasions, while the crisis trends in the social and political spheres have not been fully overcome, despite the optimism instilled in the official statements. On the whole, the situation in the region refutes the apocalyptic forecasts regularly offered by some experts and politicians at the beginning of the 1990s, and is currently characterized by significant positive shifts. All the same, the development and stability prospects of the Central Asian states is still a topic of numerous discussions in which parliamentary and presidential elections have recently found themselves the center of attention.

## Campaign Standards and Political Practice

For most members of today's world community, democratic elections have become an indispensable attribute of power. But a number of examples can be presented when this attribute was used to avoid accusations of authoritarianism, or, on the contrary, to justify the pressure being placed on certain political leaders. So opinions significantly differ with respect to recognizing particular elections as democratic, particularly the election campaigns being run in transitional societies. This is where we often witness the notorious double standard which often becomes a bone of contention in developing constructive interaction between specific states, or even on an international scale.<sup>1</sup> And although there is no such thing as a hopeless situation in big politics, public doubts about its legitimacy do not enhance any political regime.

Unfortunately, essentially none of the Central Asian states have managed to escape being accused of organizing "non-alterative elections," that is, of violating the main prerequisite of democratic rule. Since the beginning of this decade, the OSCE has been regularly criticizing the leaders of the region's countries, claiming that they sanction only the activity of the opposition under their control and are merely paying lip service to mass support of its policy. If we put aside all the speculations and ambitions of the opposition figures, we could probably consider this question from a slightly different angle: how can the five sovereign public systems in Central Asia be managed and political stability achieved? At the same time, it should be emphasized that the answer to this question is not only defined by the situation in the region's countries themselves, but also by constructive cooperation among all the outside actors drawn into the Central Asian processes. It is important that today's contradictory evaluations of the elections in a particular Central Asian country do

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<sup>1</sup> Although the concept "standard" in the electoral process is rather provisional, analysts usually refer to the 1948 Universal Declaration of Human Rights, to corresponding international pacts, and recently to the 1990 OSCE Copenhagen Declaration. These documents contain the basic principles for recognizing the legitimacy of power: political power in a democratic society should be based on the will of the majority, on granting all citizens equal rights to vote and to the secrets of voting, on the principle of rotation of power, and on the principle of freedom of election information. What is more, in 2001, at the summit held in Kishinev, the CIS adopted a Convention on Observing the Voting Rights of the Population, which confirms the adherence of the post-Soviet states to the basic international principles in this sphere.

not become the beginning of a rampant “out with the opposition” campaign, but of a responsible exchange of opinions in support of the new state as it strives for sustainable development and to strengthen its national sovereignty.

Parliamentary and presidential elections as national forms of the declaration of will of the people of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan have been held several times now. In each case, they had their own specifics generated by the election legislation and correlation of domestic political forces in each particular state. What is more, such trends as the executive branch (headed by the presidents in power) strengthening its social foothold and members of the opposition losing the level of influence they enjoyed on the wave of post-Soviet romanticism became the main electoral characteristics in all the Central Asian states in 2004-2005. But the most important thing in this respect is that the people have become acquainted with the culture of alternative elections and are thus tangibly more politicized. Despite the diversity of the political practices in the region’s five countries, it appears the trends indicated will continue to be pertinent in the mid term too. The legitimate regrouping of the Central Asian elites is significantly reducing the possibility of internal destabilization of political life in the next few years.

## Electoral Issues

The political agenda in the region was traditionally formed by the events in Kazakhstan and Uzbekistan. But due to the dramatic upheavals experienced in the spring of 2005 by Kyrgyzstan, it is worth paying attention to the situation in the three Central Asian countries which are relatively small in size and very weak economically. Kyrgyzstan, which we have already mentioned, Tajikistan, and Turkmenistan are extremely different in terms of their resource potential, government regimes, and the special features of their cooperation with international partners. But nevertheless, their location, where the external borders of the post-Soviet expanse and a very instable part of the Islamic world meet, cannot help but be taken into account in real politics. Despite the fact that the Domino principle essentially does not work in the region, the presence of ethnic groups separated by state borders and the problems created by water supply, electric energy, migration flows, the spontaneous revival of caravan trade, and so on are keenly felt in the poorest part of Central Asia, where even in hydrocarbon-rich Turkmenistan, the standard of living is far below similar indices of the Soviet period. Another problem, the fragmentary nature of the ethnopolitical elites of the titular population, is more urgent here than in the larger states.

Many publications are devoted to the informal differentiation of the ruling circles, or so-called clannishness in today’s world.<sup>2</sup> Clannishness as a synonym of fragmentariness and informal differentiation not only of the elites, but of all society, is slowly adapting to the present-day forms of political life and having a significant impact on it. But detailed descriptions of “who, where, when, and with whom” frequently obscure the meaning of the “experience of independent statehood,” which is only just forming in Central Asia. There are quite enough contemporary managers in the post-Soviet countries, but under the conditions of an embryonic market, the mosaic of social relations at all levels of the social pyramid is such that large interest groups are only very approximately delineated here, while

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<sup>2</sup> See in particular: K.P. Borishpolets, “Klany i politicheskaia vlast,” *Azia i Afrika segodnia*, No. 2, 1991; S. Biriukov, “Elity-klientely kak kluchevoi faktor politicheskogo razvitiia Tsentral’noaziatskikh gosudarstv,” *Russkii zhurnal* [<http://centrasia.org/newsA.php4?st=1048023480>]; K. Collins, “The Logic of Clan Politics: Evidence from the Central Asian Trajectories,” *World Politics*, Vol. 56, No. 2, January 2004, pp. 224-138.

the main nucleus of ethnonational consolidation is only just beginning to take shape. So the painful attempts to walk away from the dividing lines of the civil war period (in Tajikistan), the exotic cult of Turkmenbashi (in Turkmenistan), and the failure of former president Askar Akaev's political maneuvering (in Kyrgyzstan) are essentially the same kind of phenomena. They are examples of the relatively successful or, on the contrary, failed policy to create a relatively broad mass base for the political regime, without which it is even hypothetically impossible to raise the question of development.

The electoral processes of recent years in these three countries have made appraisals of the events going on in them much more judgmental. Nevertheless, an analysis of the situation compels us to reject many critical considerations, if only because alternative scenarios of the status quo are based exclusively on rhetoric.

The situation in Kyrgyzstan, which prestigious Russian Orientalist Sergey Luzianin described as a combustible mixture of politics and crime,<sup>3</sup> did not become such in the wink of an eye. The fall of Akaev's regime is the result of a critical mass of socioeconomic problems unresolved by the government, insufficient attention to the problems of the country's southern regions, including underestimation of the growing influence of religious extremists, and weak control over the activity of foreign foundations. At the same time, Kyrgyz political scientists are pointing out that one of the main reasons for the April (2005) events should be considered Akaev's lack of preparedness for ruling the country and the weakness of the official power bodies.<sup>4</sup> The republic's leadership has essentially distanced itself from society and is up to its neck in raking in corporative riches, ensuring its political survival, and searching for additional external resources.

Askar Akaev could have most likely been accused of "being inadequate for his post" by the country's citizens long before his formal resignation. After steering a course toward a multi-vectored foreign policy and putting forward several popular initiatives, such as declaring Central Asia a non-nuclear zone, revival of the Great Silk Road, and similar undoubtedly beneficial undertakings, the republic's first president failed to become involved in its real modernization. Active support of international efforts in the fight against the Afghan Taliban also gave Akaev and his close entourage significant political clout, which however he was unable to convert propitiously within Kyrgyzstan itself. Despite the foreign political ties "worked up" by the president, the gap between the official authorities' words and deeds grew to dangerous proportions. Against this background, the entry into big politics of Akaev's family members (together with the prospect of transfer to a parliamentary-presidential form of rule) proved, although important, essentially incapable of having any impact on the situation in the country.

The crisis was essentially predetermined as early as the fall of 2004, when active consolidation of the Kyrgyz opposition, regrouping of its forces, and the creation of several blocs began, quite unexpectedly for foreign observers. At first glance, the official authorities had a great many multifarious rivals. But in actual fact, all the new opposition members knew each other well on an everyday level through joint work, while most of them were at one time removed from their leading posts by members of the president's team. The "second bell" sounded for Askar Akaev's supporters on the day of the parliamentary elections, 27 February, 2005, when a second round of voting was scheduled at more than 50% of the polling stations (a total of 45% of the registered electorate voted). The specter not even of a diarchy, but of an extensive Brownian movement (taking into account the diversity of the political spectrum) arose before the country. And the fact that the crisis ended without society rico-

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<sup>3</sup> See: S. Luzianin, "Goriuchaia smes is politiki i kriminala. Promezhutochnye itogi 'tiulpanovoi revoliutsii' v Kirghizii," *Nezavisimaia gazeta*, 28 November, 2005.

<sup>4</sup> See: Z. Todua, "Kyrgyzstan after Akaev: What Happened and Why, What Next?" *Central Asia and the Caucasus*, No. 3 (33), 2005.

cheting totally out of control was largely a coincidence. In order to keep hold of the reins over the country, its new leadership organized presidential elections three months after Akaev's April resignation. At that time, it is fair to note, the republic needed stability and to strengthen its national institutions, which could only be achieved on the basis of free and fair elections.

On the whole, the election campaign went peacefully and in the spirit of constructive debates between different representatives of the former opposition. We will remind you that according to the results of the voting, K. Bakiev was preferred by approximately 89% of the voters, with the republic's ombudsman T. Bakir uulu (3.9%) coming in second, and third place going to leader of the Union of Industrialists and Businessmen A. Aitikeev (3.6%). The other three candidates gathered less than 1%. In this way, not only did Kyrgyz politics return to normal legal conditions, but this return was supported by a substantial majority of the voters. An important aspect was also that even before these elections, the government confirmed its adherence to the country's international obligations. In August 2005, recalling this, head of the Russian Foreign Ministry Sergey Lavrov said that the results of the elections in Kyrgyzstan were stabilizing the situation in Central Asia, and K. Bakiev's victory would bring this to fruition.

Tajikistan President Emomali Rakhmonov controlled the development of the election campaign much more successfully than Askar Akaev. Especially considering that the country had still not recovered from the consequences of the civil war, and the monthly income of the republic's residents amounts to between 5 and 15 dollars,<sup>5</sup> the 2005 parliamentary elections, also organized on 27 February, were held in a peaceful atmosphere. Incidentally, Tajikistan was not expecting any particular shakeups in this respect. Emomali Rakhmonov said that he was personally voting for peace, stability, and democracy at the first free elections since the end of the civil war. This statement apparently was in full keeping with the mood of the masses. Eighty-eight percent of the republic's citizens participated in the election, at which six political parties competed for votes. In accordance with the majority districts and party lists, 63 deputies were elected to the parliament. As experts predicted, the pro-presidential People's Democratic Party sustained victory by receiving approximately 85% of the votes. What is more, the Islamic Revival Party of Tajikistan (IRPT) and the Communist Party topped the 5-percent barrier. Three of the parties participating in these elections did not get into parliament: the Democratic, Social-Democratic, and Socialist parties. But only the latter acknowledged its defeat, while the four other opposition parties (including those which made it into parliament) did not agree with the voting results and demanded repeat elections. "The Communist Party, the Islamic Revival Party of Tajikistan, the Social-Democratic Party, and the Democratic Party of Tajikistan state that they do not accept the results of the voting in Dushanbe and demand another election," said the declaration of these parties made by Communist Party leader S. Shabdolov, which was published in March 2005. In turn, Deputy Chairman of the Tajikistan Central Election Commission M. Kabirov told journalists that during the elections "several violations were committed... Such undertakings are not always run impeccably ... but the violations were not so bad as to cancel the results of the election. There were shortcomings, but they were not bad enough to render the election invalid."<sup>6</sup>

The dissatisfaction of most of the opposition in the form of the IRPT, which, according to the inter-Tajik peace agreement, should receive 30% of the seats in the government, was aroused by the difficulties with its registration, as well as by the fact it was revealed that the administrative resource had been siphoned off in favor of the presidential party (the PDPT). Its overwhelming success theo-

<sup>5</sup> According to possibly slightly exaggerated estimates of the Tajik opposition, approximately 60% of the population lives on the income of migrants from Russia, 25% on drug revenue, and 15% on humanitarian aid from foreign countries.

<sup>6</sup> [<http://www.gtnews.ru/cgi/news/view.cgi?goto=8431/>], 12 December, 2005.

retically ensured the executive power branch the support of the qualified majority of the legislative power branch and allowed Emomali Rakhmonov to run for a third presidential term. But the head of state approached the dialog with the opposition from a better thought-out standpoint than the former leader of Kyrgyzstan. The need for pragmatism was entirely justified, since on 29 April, 2004, the leaders of several parties—the Social-Democratic, Democratic, IRPT, and Socialist—created a coalition called “For Fair and Transparent Elections in Tajikistan.”<sup>7</sup> At the beginning of March 2005, the members of the coalition, along with the country’s Communist Party, announced their non-acceptance of the results of the parliamentary election and demanded it be re-held and the members of the Central Election Commission replaced.

After talks between the authorities and the leaders of the Communist Party and the IRPT, these two parties withdrew their main complaints and assumed their seats in the parliament: the Communist Party had four seats and the IRPT, two. When asked whether a coalition of parties would be created during the period of the presidential election in 2006, its possible participants replied that this problem had not been discussed. But on the whole, the Tajik opposition did not succeed in forming a united, albeit no longer military but political, front. At the end of April 2005, all the parties belonging to the election coalition signed an agreement on its disbandment. When assessing their experience, the leaders of this coalition said that through their joint action they had tried to raise mutual understanding and constructive cooperation with the presidential party PDPT and in the final analysis with the country’s president to a greater height. In other words, it is worth noting that by going for a working compromise with the opposition, Emomali Rakhmonov made a good start in choosing future administration partners.

All the same, part of the country’s opposition is still getting its candidate ready to participate in the 2006 presidential election and setting him up as a rival to Emomali Rakhmonov. For example, Makhmadruz Iskandarov, now living in Russia, intends to compete against him. He plans to return to the republic as soon as the Prosecutor General rescinds his previous accusations.<sup>8</sup>

In this way, the background of the upcoming election in Tajikistan is outwardly reminiscent of the situation in Kyrgyzstan. There is an extremely low standard of living in the republic without any tangible signs of improvement. But the nature of relations between the current leader and the opposition forces qualitatively differs from the Kyrgyz version. It would be gratifying to think that representatives of the various segments of the republic’s political elite could come to terms not only about guaranteeing their status, but could also offer society a dynamic program aimed at resolving the most urgent problems to ease the population’s plight.

Turkmenistan, the third of the small Central Asian states, differs tremendously at first glance from Kyrgyzstan and Tajikistan. High per capita GDP indices are characteristic of the republic; Turkmenbashi (Saparmurat Niyazov), who has been officially declared the nation’s permanent leader, occupies the post of president; it has the status of a neutral country, which is recognized by the world community; and regional and extra-regional powers are extremely interested in its energy potential. But according to authoritative specialists, the situation in its economic and social spheres continues to leave much to be desired. For example, despite all its potential, the oil and gas industry, the foundation of the republic’s economy, is in a pre-crisis state in terms of several technological parameters. In so doing, most of the revenue from the export of hydrocarbons is distributed among a chosen few under the control of the “perpetual, lifetime president.” The changes have not affected

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<sup>7</sup> The Democratic Party initially refrained from joining the coalition, but after it was unable to get any guarantee from the head of state regarding amendments to the law on elections and confirmation of the quotas to leading posts in the government, on 2 August, 2004, it also joined ranks with it.

<sup>8</sup> M. Iskandarov—former member of the United Tajik Opposition (UTO), field commander during the bloody civil war of 1992-1997, openly criticized the Tajikistan government, among other things for holding the 2003 referendum which established the procedure for E. Rakhmonov’s re-election, permitting him to remain president until 2020.

the people who, while remaining dissatisfied with their lot, are still entirely inert. Most of the republic's poorly urbanized residents are extremely downtrodden. Nor have the changes affected the authoritative form of rule characteristic of Turkmenistan with all its extremely specific cult manifestations.

Under these conditions, election campaigns as part of the broader political processes largely demonstrate inertial motion. Despite the outer streamlined organization of the country's power institutions, their efficacy is confirmed so far by limited historical experience. Only the first steps are being taken to directly unite the mechanisms of unequivocal and representative democracy within the framework of the political system, while the charismatic leader acts as the guarantor of their application.

The current version of election legislation, which sets forth the procedure for forming power structures of different levels, was adopted not long before the April 2003 election of people's representatives to the National Council (Khalk maslakhaty) and to local self-government bodies. These laws created the unique structure of representative power in the Central Asian countries. On the one hand, according to the Constitution, there is a Mejlis in the republic (the supreme body of legislative power), but above it stands the National Council, which has 2,000 members. Its decisions are not the law, but all the republic's government bodies are obligated to carry them out. This structure is headed by the country's president, it consists of the heads of ministries and departments, Mejlis deputies, representatives of the judicial departments, and specially elected people's representatives (the latter serve five-year terms). It is characteristic that at the 2003 elections to the National Council and to the local self-government bodies, voters were much more active than at the election to the Mejlis in 2004.<sup>9</sup> Objectively, the National Council blocks the functions of the parliamentary structure in the form of the Mejlis, and the balance between them is maintained by the president's powers. This two-phase, essentially three-level, system of representative power makes it possible to create an extremely specific "network structure of political participation of the elites," which reflects Turkmenistan's specific reality. Under this system, there can essentially be no mass spontaneous demonstrations, and additional guarantees of consent of the privileged social strata are ensured not only by the special forces departments, but also by the status boons with which a significant number of key functionaries of the middle and at times lower levels are endowed. If skillfully managed, this structure can prevent certain individuals or groups from giving vent to their corporative strivings for five to ten years. But as in any super complicated system, its strengths are not inexhaustible, and it requires quite frequent "adjustments."

A fundamental element in this respect was the parliamentary election to the Mejlis of the third convocation held on 19 December, 2004. Fifty deputies (out of 131 candidates) representing the ruling Democratic Party, the only legal party in the country, were elected to a five-year term.<sup>10</sup> According to the existing procedure, the district administrations selected candidates, then the regional administrations petitioned for them, after which each candidate was approved by the presidential apparatus. Under these conditions, the republic's leadership considers the rivalry between them to be proof of the election's fairness and transparency. Four hundred representatives of the National Institute of Democracy and Human Rights, as well as of public organizations, such as the Democratic Party, Youth Union, Women's Union, and trade unions, monitored both the election and the counting of votes. Foreign observers were not present at the election since official Ashgabad refused to admit OSCE representatives.

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<sup>9</sup> 99.8% of the registered voters (2,391,315 people) took part in them. 144 candidates ran for 65 seats in the National Council, and 6,323 for 5,535 mandates in the local self-government bodies.

<sup>10</sup> Fifty voting districts and 1,610 polling stations were formed for holding the election. Approximately 77% of the electorate participated in the voting.

In this way, the legislative principles which define the specifics of the elections to the republic's parliament are an interesting example of a combination of the national dimensions of the election campaign and the transfer of the main focus of rivalry among the potential deputies to the local level. The advantage of this approach is that it reinforces the feedback between the electorate and its chosen officials. But all the same, it reduces the parliament's ability to influence government strategy, even when this influence becomes predictable under the conditions of a one-party system.

The question of presidential elections is also resolved in an unusual way compared with neighboring countries.<sup>11</sup> From time to time, the republic's president Saparmurat Niyazov announces his intention to prepare a successor. For example, not that long ago he asked the National Council to nominate several candidates to this post every year—prestigious people who have been known in the country for at least 10 years. Among Turkmenbashi's other statements on the transfer of power, attention should be paid to the one in which he said that a presidential election would be held in 2008-2010, and preparations for it should begin now.<sup>12</sup> But the republic's highest legislative body resolved to postpone discussion of the presidential election until 2009.

Some experts believe that by including the question of elections on the agenda, Turkmenbashi is making sure the domestic and world community understands that he consents to transferring power to a worthy person elected by the people. Others note that he is putting on a show customary for end of the public career of authoritative leaders. But, one way or another, the question of power succession was drawing close to its denouement. The main thing is probably whether the system can ensure stability in one of the most important geo-economic spots in Central Asia without its creator.

Since it is impossible to draw a temporal framework for Turkmenbashi's time in power and the "successor" operation is so problematic, we are compelled (in order to clarify the forecasts) to turn to an evaluation of the Turkmen opposition. It does not have a great influence on the domestic processes going on in the country. Following the removal of B. Shikhmuradov, Kh. Orazov, N. Khanamov, and other prominent Turkmen figures, their relatives were also ousted from the power echelons and big business. After it was declared there had been an assassination attempt on Turkmenbashi in 2002, many representatives of the upper level of the political elite were arrested, and others emigrated. Emigrants living in Western Europe created a Democratic Forces Union of Turkmenistan, but it is difficult to judge this organization's real connection with the country or its influence on the situation in it. At times, the Turkmen opposition structure is reminiscent of the "Kyrgyz situation," that is, among the adversaries of the current president are people who used to be in power. It is possible that restoring their individual or group participation in government rule will help to preserve the sociopolitical status quo in Turkmenistan. But it is more likely that the new leader is still absolutely unknown to the broad public, and his legitimization will rely on principally new foundations, and not on those on which the current authorities of the republic or their public opponents rely.

In contrast to the electoral processes in the small Central Asian states, the election race and elections in Uzbekistan are always covered in detail by specialists. After the events in Andijan, attention to them grew even more, although the assessments also became much more contradictory.

Alternative presidential and parliamentary elections have been held in this republic since the fall of the Soviet Union. As early as the first years of political pluralism, they designated the main

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<sup>11</sup> Saparmurat Niyazov has been ruling Turkmenistan continuously since 1985, in the beginning as leader of the Communist Party Central Committee, and since 1991, as the nationally elected president. In 1999, the National Council removed the restrictions on the presidential term and Saparmurat Niyazov was declared lifetime president. In 2002, the Council adopted this decision again, although lifetime presidency is not legislatively enforced.

<sup>12</sup> On 7 April, 2005, at an extended government meeting, which was broadcast on local television, S. Niyazov said: "As for me personally, I deeply acknowledge both my responsibility to the people and to the state, and my duty to ensure succession at the highest echelon of the country's power."



trends in the overall electoral picture which have not lost their pertinence today. Former functionaries, many of whom had just recently been in disgrace, on the one hand, and the opposition intelligentsia, on the other, struggled for power. Rivalry between them unfolded under the strong influence of the Muslim factor and the politicization of Islam in several key areas of the country. The Islamic Movement of Uzbekistan (IMU), which was closely tied to the Afghan Taliban, acted as a third force for quite a long time, claiming its participation in power, whereby its claims were inevitably taken into account by all of the country's major politicians.

Although in recent years the situation has significantly changed, there can still be no real talk of the formation of a political spectrum. Nevertheless, political pluralism (in its contemporary form) is integrating the main mass of pertinent public interests into the framework of legal institutions and making it possible to recall Hegel's words: "Everything real is rational, and everything rational is real."

The election to the two-house parliament held for the first time in the republic's history at the end of 2004 is especially important when describing the electoral processes in Uzbekistan. It was preceded by a four-month election race, during which the people were supposed to acquaint themselves with the gist of the parliamentary reforms and consciously define their attitude toward the participants in this process. The election to the Legislative House of the Oliy Majlis took place on 26 December. According to official data, 85.1% of the voters took part in it and elected 62 deputies (out of 489 candidates). Another 58 deputies got into parliament after a second election on 9 January, 2005, at which the voter turnout was almost as high as 80%. The seats in the lower house of parliament were shared among five parties and independent candidates from citizen initiative groups. A total of more than 500 candidates competed for election to the Legislative House, that is, there were more than four candidates to each seat. In the upper house of parliament, approximately 15% of the senators represent the agrarian sector, more than 20% represent education, science, and culture, and 10% the industrial complex.

Among the deputies of the Legislative House only 18 (15%) were previously deputies of the Oliy Majlis. There are far more well-known political and public figures in the Senate, particularly among those appointed by the president. It is also worth noting that almost 50% of the elected senators are khokims of various levels. This essentially also reflects the world standard of regional representation at the national level.

According to the election results, a two-party system was established in the country. The overwhelming number of seats in parliament went to the two main parties, the People's Democratic (PDPU) and the Liberal Democratic parties, who nominated candidates in all districts. The fewest candidates were nominated from the Democratic Party Millii tiklanish, while two other parties, the Democratic and Social-Democratic parties, were inactive both at the national and local elections.

Uzbekistan's Western partners were extremely displeased that the country's authorities did not permit a significant number of opposition parties and organizations to participate in the election. On the whole, the opposition was to be disappointed in this election race, since official Tashkent demonstrated its firm intention to ensure political pluralism based on the creation and support of their own constructive political adversaries, and not on rivalry with radical critics.

In principle, judging from the statements by many representatives of the secular opposition to the government of Islam Karimov, they could not see the possibility of qualitatively changing the situation in the country other than the steps being taken by the country's leadership. In so doing, searching for alternative figures to the current president is unlikely to yield results. The combination of charisma and competence, which should distinguish a successful opposition member, is rarely encountered during backstage discussions. In other words, in the event of its hypothetical advent to power, the traditional opposition will remain isolated from most of the population and will not be able to present a realistic reform strategy. Whether or not a third force will arise in Uzbek politics in this event is not

part of the picture. This will most likely depend not on the activity of President Karimov, but on the successor of the current head of state, whereby with an effective program to cut back the number of urban and rural marginals. At the current stage, the pressure of the labor-surplus human masses on the country's social and political structures is being partially alleviated by an increase in foreign migration, which was not characteristic of the republic's residents even during the Soviet period. Ways to raise employment are likely to be sought in the idea, which is revived from time to time, of irrigating the country's arid regions by diverting the runoff of the Siberian rivers, which is generally unrealistic.

The heightened attention to ways to rapidly improve the life of most of the population has another essentially political aspect, educational work among young people to combat not only the terrorist, but also the drug threat.

There is no doubt that these and many other urgent tasks facing society will be widely discussed as the next presidential election approaches, which should be held in 2007. Islam Karimov has been the country's uncontested leader for many years now.<sup>13</sup> Very often he is called an inclement politician, even a dictator, who is holding back the reforms. But we should admit that the current head of state's inclemency relies on pragmatic approaches in domestic and foreign policy. At the beginning of the 1990s, he recognized new sociopolitical organizations, including the Birlik movement and the Democratic Party Erk, which announced their opposition policy. At that time, Islam Karimov called on the opposition to engage in constructive cooperation, but its radical leaders placed their stakes not on participating in power, but on gaining it. The opposition's stubborn refusal to accept the role of junior partner led to the president's supporters saying that if they continued to concede to the demands put forward by the radical opposition, the country could turn into another of the region's hot spots. In the sphere of international policy, Islam Karimov rendered tangible support to the U.S. by offering it bases for carrying out the antiterrorist campaign in Afghanistan. But when Washington's presence became more a factor of domestic policy than foreign partnership, the American military withdrew from Uzbekistan at Islam Karimov's request.

The president himself believes that today, when new threats in the form of nationalism, separatism, religious extremism, and terrorism are increasingly spreading throughout the world, it is difficult to talk about the development of democracy. The problem of security naturally has an impact both on the foreign and domestic policy of the republic's leadership. After all, it is obvious that while the war in Afghanistan continues, there will continue to be a threat to peace, security, democratic changes, and reforms in the neighboring Central Asian countries, and there will continue to be a source of international terrorism and the danger of its expansion far beyond the boundaries of the region. At the same time, Islam Karimov believes that the characteristic feature of democratization under conditions of the East is the consistency and gradualness of this process, and that a revolution in this sphere is unacceptable.

It is difficult not to agree with the Uzbekistan president here, after all even in the West democratization did not always happen as the result of revolutionary upheavals. The universal understanding of human rights and democratic freedoms is valuable not only in itself, but also because the societies actively striving to embody them are more efficient with respect to development of the economy, defensibility, and security. The need to manage and guide the democratic changes, which has become the main stimulus of the activity of the leaders of post-Soviet states in the transition period, is placing greater responsibility on them. It is gratifying that the "adequacy" of the ruling circles of these newly independent states is controlled today not by the C.P.S.U. Central Committee, but by their sovereign peoples, who belong to the family of the world community.

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<sup>13</sup> In December 1991 at the alternative election, Islam Karimov was elected president of Uzbekistan. In March 1995, in keeping with the results of the national referendum, the term of Karimov's presidential powers was extended to 2000. On 9 January, 2000, during the election of the Uzbekistan president, in which Islam Karimov and leader of the People's Democratic Party of Uzbekistan Abdulkhafiz Jalalov participated, he was again elected the head of state. At that time, 91.9% of the voters who participated in the election voted for Karimov, and 4.1% for the second candidate to this post.

As for Kazakhstan, the relatively recent commentaries on the results of the elections in this republic differed little from similar statements and publications about Uzbekistan. Some of them were sugarcoated, others contained rampant criticism. Therefore, convincing confirmation at the December 2005 election by President Nursultan Nazarbaev of his mandate, which even the skeptics recognized, became a significant event for all the Central Asian states. But it was preceded by a very cautious and gradual (almost along the lines of Islam Karimov's recommendations) process to streamline the country's political life and stabilize and raise its economy,<sup>14</sup> as well as by the first steps to draw up a sustainable development strategy.

Significant qualitative changes were noted in the republic's electoral sphere, particularly during and after the parliamentary election held on 19 September, 2004. And this was not only due to the fact that by this time approximately a tenth of the polling stations were equipped with modern electronic voting systems or to the increase in the number of parties permitted to join this campaign who were refused registration at the election in 1999. Their characteristic feature is the indisputable victory of the ruling party Otan (Homeland) and the unsuccessful maneuvering of the opposition, which was unable to offer a convincing alternative policy to the one being carried out by the official authorities. Some analysts explained the success of this party (and it is invariably associated with Nursultan Nazarbaev) not only by the achievements of the president's policy, but also by the fact that its leadership, without hiding its electoral preferences, managed to remain within legal boundaries. The skilful electoral management of the head of state's team ensured an efficient election campaign, minimized the effect of various "dirty" political techniques, and made it possible to carry out the basic premises for creating the necessary competitive conditions for other political forces.

As for the opposition, the Ak zhol Party (Bright Way) came forward as its main structure at the 2004 elections. It was oriented toward the interests of big business, but in so doing made active use of populist slogans. For example, it was in favor of proportional distribution among the population of the revenue from oil sales. The special twist of its election campaign was the presence in the party's leadership of such well-known figures in the country as A. Sarsenbaev, the former Kazakhstan ambassador to the Russian Federation, and B. Abilov, one of the republic's biggest businessmen. But most of the party's leadership was made up of those who were ousted from the power structures in 2000-2001, due to which the people considered them traditional representatives of the ruling circles, but losers. What is more, the Ak zhol Party made a serious mistake, it wanted to consolidate both the liberal and the pseudo-patriotic electorate, right down to the marginal strata, in order to create a stable social fulcrum for itself. The other half of the opposition was more radical. It was represented in particular by the Democratic Choice of Kazakhstan Party (DCK), which came forward with harsh criticism of Nursultan Nazarbaev and strove to establish contacts with the new Ukrainian leadership headed by Viktor Iushchenko. At the 2004 parliamentary election, the DCK was in the same bloc as the communists, the oldest party in Kazakhstan. But as a result, the DCK-CPK bloc totally lost this election.

Here it is worth noting that in September 2004, Ak zhol received quite a large number of votes, losing on party lists only to the government party, Otan, and surpassing Dariga Nazarbaeva's party, Asar (All Together). Nevertheless, the representatives of Ak zhol stated that all the results of this election were falsified. At the same time (in the fall of 2004), Zharmakhan Tuiakbay, the country's former prosecutor general, former speaker of the Majlis, and one of the leaders of the Otan party, went over to the opposition camp. He headed the movement "For a Fair Kazakhstan," which immediately began claiming that all opposition forces should be consolidated.

In this way, by the beginning of 2005, that is, in anticipation of the presidential election, the opposition tried to take the offense, but was unable to achieve any visible success. As early as Janu-

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<sup>14</sup> Between 2000 and 2005, the GDP in Kazakhstan rose by 62.4%, while in Russia it rose by 33%. The average annual rate of economic growth in these countries amounted to 10.2% and 5.9%, respectively.

ary, the activity of DCK was essentially curtailed on a court decision, and in the spring, the Ak zhol Party split. On the basis of a constitutional parliamentary majority, Otan became *de jure* and *de facto* the dominating political force in Kazakhstan.

But domination in the sphere of real politics does not mean there are no problems. Many convincing publications are devoted to the country's sore points: clannishness, the increased activity of the members of the president's family, corruption, and the continuing poverty and backwardness of most of the population. The role of Nursultan Nazarbaev's oldest daughter, Dariga, and the Asar Party headed by her is commented on ambiguously. Majlis Deputy Dariga Nazarbaeva is suggesting that a broad public discussion be held, according to the results of which a reform program should appear, a so-called road map of democratic development for the country. There are already several projects for extending the powers of the parliament and local self-government and for implementing other corresponding changes. Dariga Nazarbaeva constantly talks about the need to raise the role of civil society and undergo a gradual transition from a presidential to a presidential-parliamentary republic. The program of the parliamentary coalition headed by Asar envisages the free handout of one million land plots of 10 hundredth parts of a hectare each to the country's citizens, and the introduction of a tough policy to curb inflation and tariffs by controlling the activity of state companies and monopolies in this sphere. Dariga's program is an extended version of the current president's policy, but with the accent on measures to prevent an increase in instability.

The conception being carried out by Asar's leadership is quite promising since it is trying to continue Nursultan Nazarbaev's policy. In contrast to other leaders of the region's countries, he is building his policy on the basis of a long-term strategy, to which current reality is subordinated, relying (among other things) on the experience of retaining unity among the Kazakhstan elites and on raising their interest in sociopolitical stability. In so doing, special attention is being paid to involving the younger generation of Kazakh managers and providing them with status roles in national policy. The country's successful economic development is placing the strengthening of Asar's foothold in a favorable light. According to average statistical indices, Kazakhstan is the leader in the post-Soviet expanse.<sup>15</sup>

Nevertheless, the question of a successor for Kazakhstan President Nursultan Nazarbaev, who was newly elected on 4 December, 2005 to a seven-year term, is not pertinent in the near future. Preliminary surveys and more than 90% of the votes show that the republic's citizens do not see an alternative either to the individual who has been head of the state for more than 14 years, or to his policy. It is symptomatic that the opposition nominated Zharmakhan Tuiakbay as their main candidate at the presidential election, a person who is directly associated with the forced suppression in 1989 of the student demonstrations in Alma-Ata. As for Nursultan Nazarbaev, he achieved equilibrium on the national political field and, as is expected, will be able to play a positive role in the work of the OSCE, presuming that Kazakhstan receives the status of chairman of this organization in 2009. The prospect of becoming the first country in Central Asia to participate on such a grand scale in European affairs is a serious stimulus for further intensification of the democratic reforms, including with respect to elections.

The results of the latest parliamentary and presidential elections in the republic provided a positive solution to several urgent problems in its social life. But, as any other election campaign, they are not the "be-all and end-all." Political rivalry to govern the country and the current authorities' constant efforts to claim social responsibility are still pertinent. In order to guarantee their stability, young democracies (both poor and relatively prosperous in the material sense) should consistently carry out economic and political modernization.

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<sup>15</sup> The Kazakhstan government is currently working on increasing the per capita GDP to 8-9,000 dollars by 2012. The average monthly salary by this time should exceed 70,000 tenge (on the order of 500 dollars), and pensions should increase two-fold.

## Overcoming Difficulties As They Arise

The current electoral processes in the Central Asian states are giving rise to many controversial issues. For example, there is quite a widespread opinion that elections are only giving the local leaders an opportunity to refute accusations of not being democratic and to continue receiving dividends from foreign investors. But the opposite also seems to be true: it is precisely the current leaders of the newly independent states who are extremely interested in developing the electoral processes as an indicator of the real situation in society. Nevertheless, despite the radical rhetoric and the charitable attentions of many foreign organizations, the opposition has not shown itself to be a constructive opponent to the current authorities in essentially any of region's countries. Of course, it is to a certain extent legitimate for the traditional and new opposition members to talk about "unpredictable consequences" under the weight of the unresolved social problems, terrorism, fundamentalism, separatism, drug trafficking, and many other threats existing in Central Asia. But there is no all-out threat of a political explosion. In this respect, the leaders of the Central Asian countries and their foreign partners should view the election results not only as a certain outcome of political development, but also as the beginning of a new stage of positive interaction in the interests of security, democracy, and the further strengthening of cooperation.

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### THE 2005 PARLIAMENTARY ELECTIONS IN AZERBAIJAN: INFLUENCING FACTORS<sup>1</sup>

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

**T**wo years after he was elected head of state, Ilkham Aliev was confronted with the threat of a possible political crisis in Azerbaijan. On 6 November, 2005, the country went to the polls to elect the parliament. According to the opposition leaders, the process abounded in serious

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<sup>1</sup> An abridged version of the article that appeared in November 2005 in *SWP-Aktuell* of the German Institute for International and Security Affairs.

violations and massive falsifications of the election results. The ruling elite, however, insists that the country had all the conditions for a fair, transparent, and democratic election campaign. From the very beginning, international organizations spared no effort to make the elections a fair process. At the very beginning of the election campaign, the United States, the key actor in the region, sent contradictory signals about its possible response if falsifications were revealed and recognized.

It should be said that the current political processes in the republic began in 2003, after the death of President Heydar Aliev, who kept the country under strict control. After Ilkham Aliev, his son, was elected president of the country, he found himself completely dependent on the "old guard." Decentralization of the state's political structure began; the political situation became very complicated: some of the cabinet members entered into an open confrontation with others and created influential groups for this purpose. Chairman of the State Customs Committee Kemalladin Heydarov and Minister of Economic Development Farkhad Aliev were locked in a struggle for influence on the president and his closest circle. Bitter rivalry among different groups inside the ruling elite has always been a prominent feature of the country's political life, even though many foreign observers were inclined to describe the situation as a confrontation between power and opposition.

On the eve of the presidential election, the leading opposition parties, which stepped up

their activity, added to the tension created by the growing contradictions between the key cabinet members. The opposition leaders threatened a Color Revolution if the ruling elite failed to organize fair elections. The country's leaders responded to these radical statements with harsh measures and resolutely stemmed the opposition's attempts to rally people in anti-government actions, including demonstrations in the center of Baku. At the same time, some of the top bureaucrats, while demonstrating their loyalty to the president and the ruling party, were maintaining unofficial contacts with the opposition. Shortly before the election, they stopped pretending and revealed their bias toward the opposition leaders and their cause. In fact, several weeks before the election, Azeri society was living in anticipation of an orange revolution. The law enforcement bodies took every measure to prevent destabilization; the opposition leaders were absolutely convinced that a revolution offered the only possibility of changing the regime and coming to power.

The current events can be described as an ongoing political struggle between the ruling Novy Azerbaijan (New Azerbaijan) Party, the opposition bloc Svoboda (Freedom), and other forces. In other words, the parliamentary election became an episode in a bitter power struggle, the first round of which went to the president. Several weeks before the election, Ilkham Aliev surprised everybody by making several political moves to forestall an attempt at a coup d'état. Still, political tension remained.

## Domestic Factors

### Plots inside the Ruling Elite

The revolution of which so much had been said inside the country and out started from above. The inordinate events that took place late in October 2005 spoke of a revolution. It was then that the final split in President Ilkham Aliev's circle became obvious. Purges in the upper echelons of power began. The joint statement about a plot headed by former parliamentary speaker Rasul Guliev (wanted for embezzlement and wide-scale corruption) issued by the Ministry of National Security, Ministry of the Interior, and the Prosecutor General Office came as a surprise to many.

Significantly, accusations of plotting against the state and funding the opposition were brought not only against Guliev, but also against some of the top members of the ruling elite, as well as the most influential of the oligarchs. This total onslaught of the law enforcement bodies on cabinet members disloyal to the government ended in the dismissal and arrest of Minister of Economic Development Farkhad Aliev, Minister of Health Ali Insarov, manager of the Presidential Administration Akif Muradverdiev, head of the Azpetrol Oil Company, the largest in the Southern Caucasus, Rafiq Aliev, and some other official persons. According to the authorities, they were accomplices of the plotters. The arrests were not enough: the country's leaders tightened their control over the social and political situation and upgraded security at all strategic installations.

The active prevention measures taken by the young president came as a surprise to many in Azerbaijan, while some political observers detected the strong will of the president's father. We might suppose that the president was apprehensive of the powerful oligarchs who served as his ministers, wielded large capital, and enjoyed authority in the business and political communities. He might have been concerned about the possibility of the most influential cabinet members siding with the traditional opposition to carry out radical changes. The discontented part of bureaucracy was prepared to join forces with the opposition to change power or, at least, to weaken the president's position.

The blow the president delivered to the influential groups inside the ruling elite dramatically changed the alignment of forces and political balance. Reshuffling at the top triggered a gradually deepening political crisis. The serious political changes carried out on the eve of the parliamentary election and official accusations against the influential minister-oligarchs of plotting to seize power speak of a high degree of mistrust and very complicated relationships at the top.

The purges inflated the president's rating: by exposing the ties between Guliev and the corrupt cabinet members, Ilkham Aliev undermined popular confidence in the opposition. However, his own party, Novy Azerbaijan, lost several points: all the arrested bureaucrats were its members. As soon as former Minister of Health Insarov admitted that he had been involved in plotting against the regime, many of the "old guard" members were immediately excluded from the ruling party. The purges might extend into the post-election period, while the key posts in the government will go to new people. This will inevitably trigger another round of redistribution of national wealth.

By acting resolutely, the president routed all those in the top echelons of power who had betrayed him and sided with the traditional opposition. It seems that he realized his father's team had taken him hostage and would not hesitate to dump him when the opportunity presented itself. There are still many "old guard" men in the ruling elite; they are still influencing political developments in the country and are capable of challenging the president and the young members of his team of reformers. Time will show how the president will respond to this challenge; it is obvious, however, that the active "old guard" members who retained their posts will have to retire sooner or later. Young politicians will replace them.

### ***Rasul Guliev—Heydar Aliev's Comrade-in-Arms and Ilkham Aliev's Main Opponent***

It looks as if some of the top bureaucrats placed their stakes on Guliev who, along with other "old guard" members, worked alongside President Heydar Aliev. In 1994, Guliev spared no effort to restore Heydar Aliev, the patriarch of Azerbaijan's politics, to power. When Heydar Aliev was elected president of this oil-rich country, Guliev became the speaker of the parliament, the second top official in Azerbaijan. In 1996, they stopped being comrades-in-arms; the former speaker joined the ranks of

opposition and emigrated to the United States where he received the status of a political émigré. Very soon he became the leader of the Democratic Party of Azerbaijan; since that time he has been in close contact both with the opposition leaders and with former bureaucrats disappointed in the current policies. Several years later Guliev joined the group of influential leaders of the traditional opposition. In 2003, when Ilkham Aliev ran for president, Guliev made an attempt to come back to challenge the main presidential candidate, but was banned from the race.

Two years later he tried once more to join the election race. Being repeatedly warned about imminent arrest upon his arrival in the capital, he stubbornly insisted that he would come back on the eve of the 2005 parliamentary election. Indeed, under the pressure of all sorts of international organizations and heads of some Western states, the authorities registered him as a parliamentary candidate. Guliev's political career received another boost; he moved to London to be closer to Azerbaijan. While the republic's law enforcement bodies made public their intention to arrest him upon arrival, the opposition was rallying forces to greet him at the airport.

Closer to 17 October (the date Guliev was expected in Baku), political tension rose; the airport and adjacent territory were cordoned off by special units and the army. Many people really did believe that this notorious opposition leader was coming back home; privately, some top officials approved of Guliev's intention and made no effort to conceal their loyalty to him. The aircraft by which the ex-speaker planned to return landed in Simferopol (Ukraine), where the local Interpol Bureau, acting on sanctions of the Azeri authorities, arrested him as an internationally wanted person. Several days later the Ukrainian court freed Guliev and refused to extradite him on the grounds that Baku was guided by political reasons. President Aliev flatly rejected any political underpinnings in Guliev's case.

Guliev went back to London where he resolutely condemned what the Azeri government had done and confirmed his resolution to come back to Baku between 1 and 3 November. The leader, whom the opposition regarded as savior of the nation, failed to keep his word and stayed in London. In Azerbaijan, however, tension was mounting. This was partly explained by the fact that many of Guliev's supporters among the opposition, bureaucrats, and businessmen were arrested on suspicion of organizing mass street disorders and of plotting against the country's leaders. The ex-speaker's failure to come back and take part in the parliamentary elections weakened the leading opposition parties. The political intrigues around his intention to return stirred up the opposition, yet the ruling circles clearly demonstrated their strength and did all they could to retain complete control over the events. It became obvious that Guliev, as the key opponent of the authorities, had lost another round.

### *Why the Opposition Lost*

I have already written that the opposition was resolved to introduce radical changes and did not rule out a revolutionary scenario. Late in 2003, when Ilkham Aliev was elected president, the opposition made an abortive attempt to overthrow the regime without any serious support from the United States and the international community as a whole. In the wake of the presidential election, the authorities used every political instrument available to rout the cornered opposition. It took the opposition circles a long time to recover; late in 2004 the opposition parties, still in disarray, lost the municipal elections without much struggle. This, however, did not do away with the radically-minded voters—the opposition parties were merely biding their time.

This explains why long before the parliamentary election of 2005, the opposition camp was steeped in bitter debates. Some time later the three political parties, the most active opponents of



the ruling regime—Musavat (Equality), Popular Front, and the Democratic Party—united into an opposition bloc called Azadlyg (Freedom). From the very beginning, the bloc expected to win the election and come to power by putting pressure on the president's administration. The Musavat and Democratic parties were headed by former speakers of the parliament and prominent politicians Isa Gambar and Rasul Guliev; Ali Kerimli, a young politician and supporter of reforms, headed the Popular Front.

A new opposition bloc named *Novaia politika* (New Politics) came to the stage with prominent politicians (first president of Azerbaijan Ayaz Mutalibov, who lives in Moscow, former chairman of the National Independence Party Etibar Mamedov, and leader of the National Unity Movement Lala Shovket Gadjeva) among its members. During the election campaign, the latter changed its stance and, after political consultations, signed an agreement with the Azadlyg coalition.

The *Novaia politika* bloc is soft opposition: it does not insist on a regime change, but favors cardinal political and socioeconomic reforms. The Azadlyg, however, hopes that strong support at home and abroad, in the West, will trigger a Color Revolution. At the very start of the election campaign, some of the members of the radical opposition were openly talking about this possibility, if wide-scale falsifications of the election results were revealed.

No wonder international organizations and the leading Western countries demanded that the Azeri leaders organize at least superficially democratic elections. This inspired the opposition and allowed it to revive its political life in Azerbaijan. The start of the election campaign, however, was marked not only by fierce confrontation, but also by arrests of opposition members and restrictions put on street rallies. The relations between the two opposing camps became very complicated; international structures reported on cruel suppression of the protest actions. At the same time, under Western pressure, Baku retreated somewhat; political tension was further relieved by the president's instructions on improving the election procedure. Society as a whole took these important measures favorably, yet the opposition remained suspicious and doubted that the local official structures would abide. Significantly, all these factors taken together—the president's instructions and removal of the most odious of the top bureaucrats—completely undermined the position of the radical opposition. Confronted with accusations that some of the officials funded the opposition and were involved in plotting against the ruling regime, the radical opposition lost confidence, which compromised its leaders. The risk of a Color Revolution greatly diminished—the majority realized that a revolution was next to impossible.

The badly organized, underfunded, and small opposition proved to be much weaker than the ruling top, which, despite the split in its ranks, managed to retaliate and prevent a political storm. The opposition, meanwhile, made a serious and typical political mistake: it failed to close its ranks and pool its meager resources. In other words, it failed to agree on a common political strategy and nominate the best people. Its weakness primarily stemmed from the absence of an ideological platform able to lure the voters away from the opposite camp. This was further aggravated by the discredited political past of the opposition leaders who had been in power, with little success, in the early 1990s. Most of the nation remembers this period as a political and economic mess and military inadequacy in the conflict with Armenia over Nagorno-Karabakh. Even though today people are more bothered about the rising corruption than their negative memories, the opposition has failed to mobilize the masses for a struggle against the ruling regime.

The opposition naturally enjoys the support of Western-oriented social groups and the social "bottom." Displeased with the ruling regime, they want democratization and Westernization. This is not enough, however, to rally the nation in a Color Revolution. As distinct from Georgia, Ukraine, and Kyrgyzstan where mass protracted protests forced the law enforcement bodies to retreat, in Azerbaijan all security structures are closely controlled by the republic's leaders resolved to suppress all radically-minded political opponents of the president.

## On the Aims and Responses of Foreign Actors

### *Voting Day and the Voting Results: International Comments*

It was clear from the very beginning that the voting process was no less important than the results, therefore, the voting ended calmly. The next day, however, when the Central Election Commission officially announced the preliminary voting results, political tension mounted. According to the official figures, the ruling Novy Azerbaijan Party won 63 seats out of 125; the Azadlyg opposition bloc, 7 seats, and the rest of the seats went to small pro-governmental parties and independent candidates. This means that the ruling party retained its dominating majority, while the opposition failed to get a blocking stake. It should be said that these figures differed greatly from the results of the exit polls carried out by PA Government, a well-known American consulting firm. The firm became, de facto, an international arbiter of the honesty and transparency of the election. Its information for 10 polling stations differed from the official figures.

The opposition immediately announced that the results had been falsified and demanded another round of voting. Its leaders publicly declared that they would limit themselves to peaceful means for the sake of the country's democratization. At first the authorities denied that numerous violations had taken place and insisted there had been no problems. The observers sent by the OSCE and some other organizations were of a different opinion. The U.S. State Department agreed with the European observers, offered unexpectedly critical comments, and called on the country's leaders to investigate all the violations immediately. The CIS observers, however, stated that the election had fully corresponded to democratic principles and the laws of Azerbaijan.

Still, a storm of international criticism forced the Central Election Commission to say that the voting results for 10 polling stations should be re-checked to remove all doubts. Under the pressure of mass protest rallies in the capital's heart demanding that the election results be annulled, the government demonstrated its willingness to sort things out. Some of the bureaucrats guilty of falsifications were fired; there is the possibility of talks between the government and the opposition with Western mediation.

Meanwhile, the number of those who want the election results annulled is mounting, which encouraged the opposition to close ranks and begin forming a national democratic front to annul the election results. It seems that the radical opposition is doing its best to bring out as many people as possible into the streets. It is not clear whether the absolute majority wants another round of elections, yet it is obvious that the Western democracies are increasing their pressure on Aliev's administration and are stiffening their criticism. The encouraged opposition is pouring much more effort into its attempt to rally the masses—in fact, the gross errors of local administrators and numerous violations on election day left the opposition no other opportunity. If they continue insisting on their demands, the powers that be might be confronted with a serious political crisis: the future depends not only and not so much on the opposition as on the country's leaders.

### *Geopolitical Interests of Moscow and Washington*

Baku belongs to the sphere of strategic interests of Russia and the United States, two key actors in the Southern Caucasus: Armenia has always served as Russia's outpost in the region, while the United States consolidated its position through Azerbaijan. America is undoubtedly interested in Caspian oil, its extraction, and its transportation along the Baku-Tbilisi-Ceyhan pipeline. The White House is helping

to settle the Nagorno-Karabakh conflict; it is encouraging the democratic processes in the republic and obviously intends to station its mobile units there.

When America was politely asked to quit Uzbekistan, its interest in Azerbaijan increased to change the balance of forces in the Southern Caucasus. Ilkham Aliev has re-adjusted his foreign policy accordingly. Today, two American radar stations are functioning close to the Russian and Iranian borders. America did a lot to help Baku set up a military center to monitor suspicious ship and aircraft movement in the Caspian Sea zone. Donald Rumsfeld and other American military have been frequenting Baku, which means that the military component of bilateral relations is coming to the fore. This shows that Washington would rather preserve the status quo in order to be able to continue extending its military cooperation with Baku.

On the other hand, Russia, traditionally an anti-revolutionary force, is working hard to increase its influence in Azerbaijan. The Russian Federation clearly wants to maintain the status quo in this South Caucasian country. More than that: good personal relations between the two presidents have already raised the contacts between the two countries to a higher level. Moscow does not want American military bases in Azerbaijan; America might move in on the pretext of guarding the pipeline or putting pressure on Iran. Unwilling to quarrel with Moscow and Tehran, the people at the helm in Baku have to balance between Russia and the United States, on the one hand, and Iran and the United States, on the other.

This led to a paradox: the need to balance between the two key powers—Russia and America, which want stability in the republic—forced the president of Azerbaijan to meander between them, thus creating conditions for another Color Revolution. Significantly, when the election campaign was drawing to its end, Sergei Lebedev, Director of the RF Intelligence Service, and Daniel Fried, Assistant U.S. State Secretary for European and Eurasian Affairs, visited Baku to meet President Aliev (separately) behind closed doors to discuss the domestic political situation. It takes no wisdom to guess that Lebedev came to help the young president avoid a Color Revolution. This is indirectly confirmed by the mounting anti-Russian sentiments in the opposition ranks; they became even more pronounced when the Russian and Azerbaijani special services, acting together, arrested some of the top bureaucrats and powerful oligarchs.

The American functionary came to keep the president away from too harsh measures, if not against the disloyal members of his closest circle, then at least against the radical opposition. It is hardly correct to say that the White House supports the opposition—it is using it as an instrument of pressure. It seems that in the context of a much fiercer power struggle in the post-election period, the U.S. will try to retain its influence in the republic and help mold a new evolutionary model of its political transformation under which the opposition will acquire a third of the parliamentary seats and start working together with some of the members of the ruling party to help the president implement a program of political liberalization and economic reforms.

The United States does not want political destabilization, even though it always wanted to weaken the regime—not overthrow it. It looks as if the American administration has finally realized that Color Revolutions might prove destructive. The developments in Kyrgyzstan have cured it of its earlier euphoria. Washington does not need chaos in Azerbaijan which might create a lot of problems for the pipeline's continued functioning and bring oil prices to a new peak. America's restraint in the post-election period will probably be interpreted as the White House's political concessions to its oil-related interests. This will further complicate the situation in Azerbaijan, a country rich in hydrocarbon resources.

## What is in Store?

Politically, 2005 was an important year; while next year might prove to be even more interesting if the opposition prefers to squabble with the regime. The country's leaders have two roads open to

them: either to agree to by-elections in some of the constituencies, thus allowing the opposition to win more seats, or to face a new wave of mass protest. The future of power in Azerbaijan depends, to a great extent, on its consolidation, which significantly increased after the arrests of insufficiently loyal functionaries. The ruling elite, however, might split on other key political issues; time alone will show whether the head of state is capable of dealing with recalcitrant team members. It has become clear that Ilkham Aliev is resolved not only to stay in power, but also to reinforce his position in order to be reelected in 2008.

The president must prove to strategic investors that he is the key to the country's stability and democratic reforms: this will help him avoid a wide-scale crisis and stay in power. The opposition, on the other hand, will have a chance to come to power if its leaders manage to convince Washington and other Western democracies that it has the nation on its side and that it can preserve stability. In any case, today the country has a favorable chance of gradually changing its political system under the supervision of the powers that be. This variant, however, calls for the inevitable redistribution of the property of the former oligarchs with all the ensuing political and economic consequences. Concerned about possible unfavorable developments, Washington and Moscow will actively contribute to a political settlement in Baku and will together work on a mechanism of cooperation to maintain and strengthen stability in Azerbaijan.

Today, the country needs new strategic prospects of profound political change, more freedom for its citizens, and radical reform of the government. The country must restore its territorial integrity, weed out corruption, and confirm democratic values. Official Baku can achieve this if all the constructive forces agree to work together.

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## THE 2005 PRESIDENTIAL ELECTION IN KAZAKHSTAN: PROBLEMS AND PROSPECTS FOR POLITICAL LIBERALIZATION

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In recent years, the world's attention has been riveted on the fairly inordinate political trends in some of the post-Soviet states. The Color Revolutions in Georgia, Ukraine, and Kyrgyzstan surprise no one; experts are talking about their recurring nature against the background of elections, similar plots, the technologies used to launch the sociopolitical developments, and similar results.

This has created the fashionable habit of discussing every CIS country getting ready for another round of elections as a testing ground for another “color” syndrome of its political democratization. As soon as this fashion reached Central Asia, Kazakhstan became the target of expert speculation: would the republic, due to hold its next presidential election in 2005-2006 (it took place on 4 December, 2005), experience a Color Revolution? The country’s geographic proximity to Kyrgyzstan, where democratization has been very painful, and Uzbekistan, where the authorities promptly suppressed a similar attempt, stirred up interest in Kazakhstan even more.

Kazakhstan’s geopolitical situation can be described as strategically very advantageous and very complicated at one and the same time. On the one hand, the republic is part of a very contradictory region prone to destabilization; and on the other, the state’s geostrategic and geo-economic potential is high enough to attract the attention of the leading global players—Russia, China, the United States, and the European Union as a whole, along with its individual countries. This largely determines the republic’s behavior on the international scene. Today, the geopolitical situation in Central Asia and across the post-Soviet space has created a potentially explosive environment. For this reason, the election period could potentially trigger any domestic political scenario.

Experts could not agree on the possibility of a Color Revolution in Kazakhstan. Time has demonstrated that none of the scenarios tried out elsewhere could be applied here. The country does not belong to the classical group of post-Soviet states—its political and socioeconomic specifics set it apart from other states.

Astana has set itself the long-term aim of becoming an open democratic society. In the context of the fairly complex international situation and security threats, this ambitious aim is hard to realize. The well-substantiated strategy and flexibility of the republic’s leaders allow the country to consistently resolve its tasks. It is going on with its political modernization, the progress of which affects all spheres of the state’s functioning. This is amply testified not only by numerous commentaries by foreign politicians, but also by the country’s high level of investment attractiveness and its high economic development rates.

Thanks to its achievements in the sphere of political liberalization and democratization, the republic is candidate No. 1 for OSCE chairmanship in 2009, since the international community has already positively assessed the republic’s chances of building an open democratic society.

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There was no agreement on the time when the nation should go to the polls to elect the president. According to one source, the election was to be held in December 2005, according to another, in December 2006. The Constitution stipulates holding the election “on the first Sunday of December of the corresponding year.” Since the last presidential election took place in January 1999, some politicians insisted that the next election should be held in December 2006—eleven months after expiry of the president’s power. This means that the country would have lived without a president for nearly a year.

This urged the Majilis of the Kazakhstan parliament to ask the Constitutional Council for an explanation. The Council ruled that the election should take place on the first Sunday of December 2005. On 7 September, the Majilis announced the date—4 December.<sup>1</sup> The public was prepared to accept this and waited for the exact date to be announced, so there was no discontent or a political crisis.

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<sup>1</sup> Kazinform Information Agency, 7 September, 2005.

The election campaign was needed to strengthen the current democratization trends and to consolidate the country's international image as a progressive democratic state, even though this created certain risks and was fraught with destabilization. The campaign unfolded against the background of the Color epidemic in the post-Soviet expanse and the domestic political crises this epidemic created. In view of this, Astana took all the necessary precautions to ensure national security and preserve domestic stability. At the very beginning of the election campaign, the president said: "I would like to repeat that any interference by foreign organizations and diplomats in our domestic affairs in the form of consultations of political parties and lobbying their interests is absolutely unacceptable. This contradicts our laws and we shall take all the necessary measures. Any violation of the law on the part of the election participants will be stemmed—no democratic rhetoric will help those guilty of such violation."<sup>2</sup>

An open and fair election required a stable election campaign—all efforts to radicalize the situation or interfere from the outside were to be curtailed. The republic's leaders undertook all measures to carry out the campaign within the republic's laws to prevent uncontrolled developments similar to those that had taken place in other post-Soviet countries during the Color Revolutions.

The candidates were nominated from 8 September to 3 October, 2005; there were 18 of them: 4 were nominated by republican public organizations; and 14 people nominated themselves. The Central Election Commission established that 13 of the candidates either did not meet the demands of the law or failed to register according to the legal requirements. The Commission registered five candidates: E. Abylkasymov from the Communist National Party of Kazakhstan (CNPK), who ran for the opposition; A. Baymenov, another opposition candidate, who represented the Ak zhol Party; M. Eleusizov, leader of the Tabigat ecological movement, who nominated himself as a neutral candidate; N. Nazarbaev, nominated by the Otan Party, the country's president; and Zh. Tuiakbay, nominated by the democratic forces bloc, Za spravedlivy Kazakhstan (ZSK) (For a Fair Kazakhstan), who described himself as the one candidate for the entire opposition.

They were the main personalities of the election campaign, who determined the course of the election race and the key events that unfolded around it. Kazakhstan has developed conditions conducive to transparent and alternative elections. From the very beginning, the country's president stated that he would do his best to ensure absolutely open and fair elections.<sup>3</sup>

On 9 September, 2005, a decree was issued which instructed the Central Election Commission, the ministries, and all the other central and local authorities to take certain steps with respect to the election.<sup>4</sup> This greatly improved the election procedure. The republic has been making changes in its political sphere for some time now, therefore the 2005 election was regarded as a test of the republic's political maturity. By 2005, the Elections Control Committee staffed with neutral public figures had been functioning for quite a while; its task was to ensure unbiased and objective observation of the election campaign and voting procedure.

The country's leaders borrowed the most progressive methods of democratic development from abroad and actively cooperated with international specialized structures, the ODIHR/OSCE being one of them.<sup>5</sup> On the basis of its recommendations, in particular, several new norms were introduced into Kazakhstan's election laws,<sup>6</sup> including a Constitutional Law on Introducing Amendments and Changes

<sup>2</sup> The Khabar Information Agency, 21 October, 2005.

<sup>3</sup> See: Speech delivered by the President of the Republic of Kazakhstan N. Nazarbaev at a special congress of the Otan Party [www.akorda.kz/page.php?id=lang=1&article\_id=917].

<sup>4</sup> According to information supplied by the Central Election Commission [www.election.kz/press\_208?\_new.htm].

<sup>5</sup> See: Office for Democratic Institutions and Human Rights at OSCE [www.osce.org/odihhr/].

<sup>6</sup> See: "ODIHR/OSCE Assessment of the Constitutional Law on Elections of the Republic of Kazakhstan" [www.osce.org/odihhr-elections/13442.html].

into the Constitutional Law on Elections in the Republic of Kazakhstan. The following key amendments were introduced:

- election commissions are now formed by the local executive structures of power (*maslikhats*);
- the possibility of an election without alternative candidates is excluded;
- the rights and guarantees of the candidates are considerably extended, while the registration process has been simplified;
- an exhaustive list of possible violations of registration rights has been compiled to rule out possible abuses;
- the rules and conditions on which candidates are given TV and radio air time and space in the press are strictly regimented to ensure equal access to the media for all candidates;
- the rights of observers, journalists, and the candidates' representatives are extended to grant them the power of observers of the voting procedure;
- the poll boxes are made of transparent materials;
- the Election Commission can be brought to court in the event of law violations.<sup>7</sup>

The changes in this sphere were designed to upgrade the role of the parties in the election process, create equal conditions for all participants, and extend the possibilities for citizens to take part in the voting.

It should be said that the Constitutional Law on Elections in the Republic of Kazakhstan did not stipulate any infringements on human rights and freedoms, apart from a ban on all forms of expression of public, group, or personal interests and protest designed to put pressure on the voters or the election commission members.<sup>8</sup> In November 2005, on the recommendation of the OSCE observers, the Central Election Commission suggested that this provision be annulled. This was done. On the whole, the country's leaders took maximum account of the OSCE's experience and recommendations with the aim of creating a wide liberal legislative election platform.

As distinct from the wave of the Color Pseudo-Revolution that engulfed Georgia, Ukraine, and Kyrgyzstan and the reaction in Uzbekistan, the political elite of Kazakhstan demonstrates different behavior and different sentiments conducive to the republic's stability. This is explained by the fact that while modeling public conduct during the election campaign the top leaders gave the opposition a chance to speak out and refrained from putting it under administrative pressure.

The fact that the country's political environment is essentially unexposed to foreign influences played an important role in the election process. Russia and the United States are two actors involved to the greatest extent in Kazakhstan's proceedings; the European Union and China are involved to a much lesser degree. Compared with the other post-Soviet states, this can be described as an extraordinary and unexpected policy which meet the interests of all sides.

- First, as distinct from its behavior in other countries, the West placed its stakes on the republic's leaders and completely supported their democratic efforts. At the very beginning of the election campaign, the world's leading politicians, primarily from the U.S., Russia, and the EU, unequivocally supported President Nazarbaev. During her visit to Kazakhstan, U.S. State Secretary Condoleezza Rice made public for the first time Washington's unequivocal support of the political and economic reforms in Kazakhstan by saying that the republic

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<sup>7</sup> See: Information of 12 September, 2005 of the Central Election Commission of the Republic of Kazakhstan on fulfilling its obligations to the OSCE in the sphere of democratic elections [[www.election.kz/portal/page?328\\_osce.htm](http://www.election.kz/portal/page?328_osce.htm)].

<sup>8</sup> Ibidem.

lic had a chance to lead the democratization processes in Central Asia. She added that the President said the Central Election Commission had made a corresponding statement. The United States, concluded the U.S. State Secretary, believed that this was a positive step allowing everyone to hope that the election would be fair and honest.<sup>9</sup>

- Second, representatives of Russia, China, the United States, the EU, the OSCE, and others supported the democratic changes in Kazakhstan while criticizing its leaders for certain failures in their dialog with the opposition. On the whole, they all agreed that the political opposition was not yet ready to rule the country. This means that the hopes the opposition pinned on support from abroad were not justified.

The country was running the danger of damaging its multi-vector policy if the above scenario failed. In this case, the world would be split into President Nazarbaev's supporters and opponents. The West, however, unequivocally supported the domestic political balance. Throughout the election campaign, the world never left the republic out of its sight; some prominent political figures visited Kazakhstan (President Putin, U.S. State Secretary Rice, former U.S. State Secretary Kissinger, Jordan's King Hussein); others (Premier of Great Britain Blair, President George W. Bush, former premier of Malaysia Mahathir, to name a few) were closely following the local developments.

Significantly, many of the international players placed their stakes on stability in Kazakhstan as the key condition in which they could realize their national interests; the radical opposition obviously lost this round, while the country's leaders were left free to mold domestic policies in order to preserve stability. This was more evidence of Kazakhstan's stronger international position.

The 2005 election was held in the context of considerable economic growth, which inevitably affected its outcome. As distinct from the 1999 elections, which took place amid a worldwide financial crisis with the republic just embarking on the road of economic reforms, today the republic leads the region, the post-Soviet space, and most of the transitional states as far as socioeconomic and political changes are concerned. The state has become a model of democratic development and sustainable economic growth. It was between 1999 and 2005 that the country's leaders launched an efficient economic mechanism: every year the economy grew by 9-10 percent; the GDP by 75 percent; the state budget revenue rose 3.5-4-fold; the per capita GDP increased 3-fold—from \$1,130 in 1999 to \$3,400 in 2005; the country's foreign trade turnover 4-fold; and personal incomes rose 3-fold. The same applies to average monthly wages, monthly pensions and scholarships, while personal bank deposits increased 18-fold. Today, the economy is stable enough to demonstrate an annual growth of 8-9 percent. In the past five years, the GDP has been growing by an average of 10.3 percent.<sup>10</sup> According to the World Economic Forum in 2005, Kazakhstan was the 61st country out of a total of 117 and outstripped its CIS neighbors in this respect.<sup>11</sup>

This progress created a favorable background for the presidential election and boosted the nation's political activity. The public familiarized itself with the election programs and displayed a great interest in the course of the election campaign, therefore the turnout on election day was high. Throughout the election campaign the nation demonstrated positive social feelings; the people had obviously identified their political and other priorities: they clearly realized that the country's economic growth was the result of the reforms and policies associated with President Nazarbaev. This provided a sound basis for his success.

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<sup>9</sup> See: Visit of U.S. State Secretary Condoleezza Rice to Kazakhstan [[www.inform.kz/showarticle.php?lang=rus&id=135656](http://www.inform.kz/showarticle.php?lang=rus&id=135656)].

<sup>10</sup> According to information supplied by the Agency for Statistics of the Republic of Kazakhstan [[www.stat.kaz](http://www.stat.kaz)].

<sup>11</sup> Kazinform Information Agency, 25 October, 2005.



This campaign differed from the previous one in many respects. In 1999, President Nazarbaev ran for re-election against one contestant, leader of the communists S. Abdildin. In 2005, the president ran against three main candidates who represented three main opposition parties: the ZSP, Ak zhol, and the communists.

This competition puzzled the opposition: its three competing candidates traveled along the same routes and found themselves in the same place at the same time; they addressed the same social groups, therefore their rivalry was growing fiercer.

During the election campaign the candidates enjoyed absolutely equal rights and could freely talk to their audiences about the problems—the government never tried to suppress the criticism. The opposition activists (mainly from ZSK and Ak zhol) were free to communicate with foreign offices, international observers, and human rights organizations, while the voters were free to assess the situation and the candidates and familiarize themselves with the election programs in order to make the right choice.

All the state structures, including the Central Election Commission and the committees set up to control the election process, closely followed the developments to make sure that the election process was genuinely democratic and open in full accordance with what President Nazarbaev had promised. Hundreds of observers dispatched by the EU, OSCE, CIS, and other structures arrived in the republic; the OSCE was especially active: its representatives met all the candidates, bureaucrats, and the Central Election Commission members, and visited the headquarters of the candidates many times. Falsifications, attempts to put pressure on the opposition, and use of the administrative resource, etc. were a clear impossibility.

The statements and protests that came from time to time from the opposition about “pressure and persecutions” added spice to the process. Intended for propaganda purposes, however, they hardly reflected the true course of events. On the whole, the election campaign demonstrated that the social and political situation in the republic was stable and that the government stayed within the legal frameworks.

It should be noted here that President Nazarbaev never declared that he would not run for another term in office. Even before the election date was announced he said he would run for re-election. The expert community, on the whole, interpreted this statement as President Nazarbaev’s determination to shoulder the responsibility for the country and described it as a strong political move.

Indeed, twelve months before the presidential election in Kyrgyzstan, President Akaev announced that he would not run for presidency again. For this reason he lost much of his political weight inside the country, which developed into his personal tragedy. In Georgia and Ukraine, the political changes also presupposed a change in president, thus tilling the soil for social and political destabilization, which ended in the pseudo-revolutions.

The Kazakhstani public was satisfied on the whole with the president’s intention: much of what had been done was associated with his name. Numerous sociological polls confirmed this, while many political and public organizations and labor collectives supported the head of state. This had nothing to do with the notorious administrative resource, political technologies, or cheating: society needed stability. The choice was a pragmatic one: people supported the strategy rather than Nazarbaev. He himself and his team are highly respected because he invariably demonstrates that he knows what he is doing and invariably acts faster than his rivals; individual manifestations of displeasure with the country’s leaders are signs of a healthy society. Indeed, you cannot be loved by everyone.

President Nazarbaev and his team entered the election campaign with a carefully elaborated platform which included many progressive measures. Made against the background of obvious achievements, the promises were widely discussed and approved of.

The team demonstrated moderation and consistency from the very beginning; it showed that it had no rivals when it came to state administration and subtle understanding of public sentiments and

political processes. President Nazarbaev himself offered the best possible description of his tactics: "As soon as the Majilis of the parliament set the date for the presidential election, I was often asked about the tactics of my election campaign. I am the president, therefore I need no special PR efforts: everything I've done so far should speak for itself."<sup>12</sup>

His rating, which was high on the eve of the election campaign, remained high until its end. The president put together a team of the best political technologists who had a timely response to inordinate situations: the expert community commented on the president's strong strategic move by saying that "the Kazakhstan government is highly technological" and knows how to control, flexibly and reasonably, the republic's sociopolitical development. At the same time, the president refused to employ the administrative resource and proved able, despite this, to carry out alternative, fair, and open elections. Throughout the entire election campaign he looked sure of himself: he had obviously prepared well for the coming election and never lost sight of his aims and the roads leading to it.

It should be said in all justice that this time the opposition too was much better prepared and was much surer of itself than before: some of its structures were consolidated, there were attempts to nominate a single candidate, while the political and socioeconomic agenda for the republic looked much more sound. The opposition proved able to launch a wide-scale propaganda campaign across the republic, identified the social groups prepared to support it, and outlined the tactics designed to lure them away. I should say that the opposition was resolved to win and to disseminate its idea of the country's future development.

These efforts bore little fruit because the three opposition candidates were competing among themselves. The ideological split destroyed the opposition's competing potential. On the other hand, the opposition candidates failed to organize a logical and consistent propaganda campaign; they had no strong election programs able to compete with the president's political line. Obvious populism and the overuse of unpopular slogans, aggressiveness, and scandal mongering frightened the voters away. The opposition leaders failed to elaborate a sound and competitive political strategy themselves, hiring instead foreign political technologists whose efforts failed to tip the balance of forces.

This probably explains the failures: the foreign political technologists could not adequately assess the situation in Kazakhstan; the nation's majority rejected their line, while the opposition's hasty, aggressive, and at times dishonest methods drove the voters away.

Under these conditions, the president, whose personal merits were obvious, had no real rivals; in fact, all the others were fighting for second place in the presidential race. It is believed that the second best stands a good chance at the next presidential election. Communist candidate E. Abylkasymov offered a perspicacious comment of the country's political reality: "The nation will probably vote for President Nazarbaev," and a critical assessment of his own merits and those of Zh. Tuiakbay: "You and I have not yet done anything really important for the state."<sup>13</sup>

The communist candidate, however, failed to keep up the pace, leaving the other two opposition candidates—A. Baymenov and Zh. Tuiakbay—to compete for second place. They selected different tactics: while the former and his supporters tried to stick to the rules and keep within the legal field (that is, they were described as moderate), the latter and his team placed their stakes on social and political destabilization and tried to draw the authorities into a conflict (this opposition group was seen as radical). The teams' approaches to the dialog with the country's leaders also

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<sup>12</sup> Speech delivered by the President of the Republic of Kazakhstan N. Nazarbaev at a special congress of the Otan Party.

<sup>13</sup> L. Tusupbekova, "ErasyI Abylkasymov "vyzyvaet" Zharmakhana Tuiakbaia na teledbaty" [[www.nomad.su/?a3-200509220030](http://www.nomad.su/?a3-200509220030)].

differed: in an effort to settle all problems peacefully, A. Baymenov concentrated on constructive statements, while Zh. Tuiakbay was uncompromising and peremptory.

Acting against the background of these dirty techniques and the radicals' aggressiveness, the government demonstrated its determination to make the election race open and fair. Even the ODIHR/OSCE confirmed this in its reports,<sup>14</sup> which spoke of the opposition's obviously "antagonistic" rather than "critical" attitude toward the methods the government employed to deal with the radical opposition. Vice President of the European Parliament Alejo Vidal-Quadras Roca<sup>15</sup> made an official statement about this.

Even though Zh. Tuiakbay knew he would not win, he insisted that he was a new type of politician and was different from the country's leaders; he tried to pose himself as a judge of the president's policies in an effort to demonstrate his advantages over President Nazarbaev. His campaign rotated around the thesis: "I have decided to challenge President Nazarbaev."<sup>16</sup> He tried to convince the public that "the authorities fear him and are trying to suppress the ZSK." His team, in turn, tried to attract those dissatisfied with the country's leaders and play on the way the oil revenues were distributed. These efforts, fraught with a crisis, stirred up negative sentiments. Zh. Tuiakbay lost because his reform ideas lacked clarity and because he planned to carry out redistribution of property.

A. Baymenov, on the other hand, tried to present a positive image to the public and move as far away as possible from the radical opposition. Aware that he was no rival to President Nazarbaev, he concentrated on defeating Zh. Tuiakbay, his main rival, by trying to split his supporters. It seems that former civil servant Baymenov refused to burn his bridges in the hope that he might be called back if he came second in the presidential race. In other words, he posed as "a sincere fighter for the people's interests" disgusted with the provocative tactics of ZSK and its candidate: "Today I would like to say for everyone to hear that by exploiting people's justified discontent they (Zh. Tuiakbay's team.—*T.Sh.*) are working in the interests of a limited group of oligarchs. I am convinced that if they win, they will trade bad for worse: the old oligarchs will be replaced with new ones. This does not suit me—more importantly this will not suit the people of Kazakhstan."<sup>17</sup> Unlike his opponent, he demonstrated much less zeal when criticizing the country's leaders and offered alternatives for dealing with social issues.

By the second half of the election campaign, the imbalance and sharp contrasts of the propaganda activities decreased and evened out, while President Nazarbaev emerged as the uncontested leader. The rising rivalry divided the opposition into favorites and outsiders. The election results surprised both the government and the opposition. According to the Central Election Commission, the turnout reached 70 percent (see Table).<sup>18</sup>

President Nazarbaev scored a convincing victory; Zh. Tuiakbay, who represented the radical opposition, came second, A. Baymenov, who ran for the moderate opposition, came third, while E. Abylkasymov and M. Eleusizov arrived at the finish as obvious outsiders.

As distinct from the OSCE representatives, most of the foreign observers accepted the election as democratic and open, this opinion confirming the political liberalization trends in the country: President Nazarbaev's vast majority demonstrated that the pragmatically-minded public wanted stability and progress.

<sup>14</sup> See: "OSCE: 2005 Presidential Election in Kazakhstan. Interim Report 2" [[www.osce.org/item/17040html=1](http://www.osce.org/item/17040html=1)].

<sup>15</sup> Kazinform Information Agency, 21 November, 2005.

<sup>16</sup> A. Dubnov, "Na prezidentskikh vyborakh" [[www.kub.kz/article.psp?sid=9942](http://www.kub.kz/article.psp?sid=9942)].

<sup>17</sup> Statement of presidential candidate A. Baymenov [[www.baimenov.kz/publ\\_rus.htm](http://www.baimenov.kz/publ_rus.htm)].

<sup>18</sup> See: Press release of the Central Elections Commission of the Republic of Kazakhstan, The Kazinform Information Agency, 7 December, 2005.

Place	Name	Number of votes	(percent)
1.	<b>N. Nazarbaev (Otan)</b>	<b>6,110,694</b>	<b>91.01</b>
2.	<b>Zh. Tuiakbay (ZSK)</b>	<b>445,047</b>	<b>6.64</b>
3.	<b>A. Baymenov (Ak zhol)</b>	<b>110,462</b>	<b>1.65</b>
4.	<b>E. Abylkasymov (CNPK)</b>	<b>25,330</b>	<b>0.38</b>
5.	<b>M. Eleusizov (Tabigat)</b>	<b>21,674</b>	<b>0.32</b>

The opposition lost once more. As distinct from the 1999 elections, the 2005 elections demonstrated its inability to rule the country. The political status quo made the democratic prospects even more real. It seems that the country has acquired all the prerequisites for its OSCE chairmanship in 2009; it is for the organization itself to make the final decision.

Even before the election campaign began, experts agreed that Nazarbaev was destined to win because the nation had already accepted him as the re-elected president. There is the opinion that the absolute majority wants stability and development and that the electorate voted for Nazarbaev as a national leader able to bring the country to success.<sup>19</sup> It was President Nazarbaev who in the immediate post-Soviet years preserved social balance and introduced modern elements into the country's social development. It should be said in this context that the opposition could not compete in earnest with the president, not only and not so much because of lack of time (some experts<sup>20</sup> insisted that any party needed at least two years to make its candidate known to the nation).

The question of the opposition's future has not lost its urgency: long before the elections, it split into several rivaling groups unable to compete with the president. In this context, the election campaign was seen as a test designed to identify an obvious leader among the rivals who had failed to formulate a united platform.

We should not rule out the possibility that for certain reasons the process of integrating the opposition into a single mechanism of power may gradually peter out mainly because the opposition blocs will resume their struggle for political leadership. For this reason, the ambiguous stagnation of the government/opposition relationship obvious in the previous periods may return.

An analysis of the situation in any of the countries that lived through Color Revolutions reveals that the errors of the powers that be and their regressive course aggravated the already grave domestic political and socioeconomic problems; this process created a wide range of latent and obvious contradictions. In each of the states the leader had already discredited himself morally and politically: Leonid Kuchma in Ukraine, Eduard Shevardnadze in Georgia, and Askar Akaev in Kyrgyzstan. Even though the revolutionary transfers were not equally smooth everywhere, in these countries, the charismatic opposition leaders managed to unite the nation around themselves.

The election in Kazakhstan clearly revealed the opposition's faults:

- first, it failed to nominate a single and strong candidate;
- second, it split into several groups, each of which nominated its own candidate, all of whom competed among themselves;
- third, none of them proved able to formulate an attractive and substantiated election program full of specific political and economic ideas;

<sup>19</sup> See: N. Nazarbaev campaigned under the slogan "Kazakhstan—Forward!"

<sup>20</sup> See: E. Ertysbaev, "Menia bol'she volnuet postvyborniy protsess," *Liter*, 19 July, 2005.

- fourth, the country's majority, satisfied with the current social and political situation, wanted no dramatic and unpredictable changes;
- fifth, the democratic changes and economic growth which the opposition promised the people were already a fact of life in the republic anyway.

There are several much more important results of the recent presidential election: changes in the political balance among the opposition groups, which began splitting into even smaller and highly polarized groups, something which does not bode well for the opposition's future. Being involved in a confrontation with the country's political leadership, the opposition distanced itself from the process of forming power relationships at the state level. Its further efforts to aggravate the sociopolitical situation may shift its conflict with the government to an area where the government might be driven to use force to preserve stability.

It seems that the opposition leaders should recognize their weaknesses and stop aggravating a dead-end conflict with the government. It will merely mar their political image and deprive them of the chance to develop into a constructive opposition, which is an important democratic institution. The opposition's incorrect behavior after the 2005 elections might trigger a process which will prevent it from developing into this kind of political institution integrated into the mechanisms of state administration. The radical part of the opposition loudly accused the government of persecutions which allegedly occurred during the election campaign. These statements and the strict control over mass actions should be regarded through the prism of the country's laws and the need to ensure national security. National stability and national security were two components which pointed to the logic of the official actions.

During the election campaign, the republic's leaders amazed the opponents with certain novel tactical moves born by the government's view of the political developments. This took the wind out of the opposition's sails, which was looking for aggravation; an unbiased observer might have discerned the desire of some of the opposition members to use the latest "revolutionary" technologies to bring about a shift in power.

Kazakhstan was the first to put an end to the destructive cycle and demonstrated that there was a third way of flexible administration. It prevented the advent of "color" chaos (evident in Georgia, Ukraine, and Kyrgyzstan) and avoided harsh repressive methods (applied in Uzbekistan and Azerbaijan). While heeding the opinions offered by their political opponents and introducing reasonable changes into the election process, the country's leaders managed to follow their political course. This is what is called "taking into account the balance of interests."

On the whole, the desire to preserve the status quo should be described as a positive trend—after all, this is the only way to ensure economic growth, political democratization, and the republic's continued development as a cornerstone of stability and a reliable exporter of political-economic evolution in Central Asia.

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The 2005 election marked a turning point: the uncompromising relationship between the government and the opposition in the context of political liberalization should be revised. The leaders of Kazakhstan are prepared to enter into a constructive dialog with the opposition on mutually acceptable conditions. The country has reached the point of profound political changes which will separate the liberals from the conservatives both in the government and the opposition.<sup>21</sup>

The newly elected president described the country's future in the following way: "We are looking into a future which is in our hands. We believe in ourselves. Each and every citizen of our country

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<sup>21</sup> See: M.M. Tajin, "Strana nakhoditsia na poroge ser'eznykh preobrazovaniy" [[www.otan.kz/publ040905.html](http://www.otan.kz/publ040905.html)].

should trust his strength and work for himself and for the Motherland. This will bring us great success.”<sup>22</sup>

The presidential election demonstrated that Kazakhstan not only leads Central Asia economically; it is a pioneer of democratization in the region. Today, the world community regards it as a progressive state in which democracy and human rights are developed and protected. By carrying out a fair and open presidential election, the republic demonstrated that it can secure its aims and fulfill its tasks; and that it is aware of its political maturity and of its future.

The country has accomplished a historic breakthrough which will affect all spheres of its existence and raise the state’s social and political development level and the self-awareness of its citizens. In the foreseeable future Kazakhstan may join the ranks of the developed democratic states. This is confirmed by the comments offered by several world-famous politicians—Vladimir Putin, Condoleezza Rice, Henry Kissinger, and others. It should be added that the post-Soviet Color Democrats—Viktor Iushchenko, Mikhail Saakashvili, and Kurmanbek Bakiev—recognized Kazakhstan’s achievements. This shows that the world community has positively assessed President Nazarbaev’s politics, while information that arrives in Kazakhstan from all corners testifies that many of the political forces abroad pinned their hopes on status quo in the republic.

I have already written that Kazakhstan is consistent in its desire to strengthen its cooperation with the OSCE, while its future OSCE chairmanship will symbolize the country’s transfer to the category of developed democratic states with stable international prestige. This will mark a turning point in Kazakhstan’s recent history and will confirm that the country has chosen its road wisely. The OSCE believes that Kazakhstan’s chairmanship is very important for the organization itself, for its development and improvement. Kazakhstan’s experience will help this international organization elaborate patterns of ethnic and religious dialogs and correct its approaches to social-political problems and peaceful crisis settlement.

<sup>22</sup> The Astana Information Agency, 26 October, 2005.

## GEORGIA ON THE EVE OF ANOTHER ELECTION CYCLE

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On 1 October, 2005, five one-candidate (majority) constituencies went to the polls to elect their parliament deputies.<sup>1</sup> Even

<sup>1</sup> “Additional” seems to be a more apt description for this election officially called “midterm.”

though the results could not tip the balance of forces in the country’s legislature where the ruling bloc and its supporters dominate absolutely, they added heat to the already fairly hot confrontation between the government and the opposition. The ruling party wanted to prove that its high rating

remained intact, while the opposition hoped to demonstrate that the public was already on its side. The election was expected to demonstrate whether the institution of elections was functioning properly in a country in which mass falsification of

election results in the past provoked a “velvet revolution” and which was entering another election cycle (in 2006, the country will elect local administrations, in 2008, the parliament, and in 2009, the president).

## Specifics of Post-Revolutionary Elections

In a country where the falsification of election results triggered a revolution and the old government was overturned, the new leaders naturally bear enormous responsibility for ensuring fair and objective elections. This is not an easy task for several objective and subjective reasons.

A “velvet revolution” speaks of the weakness and the strength of the democratic forces at one and the same time: it is a unique phenomenon which cannot be reproduced after any falsified elections. It starts when the absolute majority is fed up with its leaders and hopes to live better if they are overturned. This means that the “angry voters” take to the streets, not so much to defend their democratic rights as to remove the people at the helm. Falsified elections do not cause “velvet revolutions”—they merely trigger them. Post-revolutionary euphoria renders a rational choice impossible: the victors are in the limelight and the dazzled nation expects them to work miracles. Whereas in Ukraine, only the presidential election was carried out amid post-revolutionary euphoria, in Georgia, where the revolutionary forces were much stronger, they won both the presidential election of 4 January, 2004, with Mikhail Saakashvili elected as president, and the parliamentary election of 28 March, 2004, when the bloc of the Rose Revolution leaders carried the day.

The revolutionary leaders promised a much better life to the entire nation, yet ideas about it differed greatly. More than that, many expected lavish dividends here and now. After a while, however, came the realization that life was not improving as fast as it had been expected, while new problems created a negative background for what had been achieved. In fact, these achievements are taken for granted.

For this reason, the guests who came to Tbilisi to celebrate the second anniversary of the Rose Revolution agreed that much had changed for the better; at the same time, a large part of the public and the opposition are talking about wasted opportunities and failures which did not allow the new leaders to make life even better.

It seems that the dissatisfaction of a large number of disappointed voters will not allow Mikhail Saakashvili and his party to receive more or even the same number of votes they won at the 2004 presidential and parliamentary elections. Strange as it may seem, a defeat at the next fair and democratic election they themselves make possible and withdrawal from power could be interpreted as a victory: this will demonstrate that Georgia has become a democratic state in which democratic elections are the norm and in which the cause of the Rose Revolution was uprooted.

## After the Revolutionary Euphoria

The Rose Revolution has radically changed the country’s political spectrum, from which the political forces that missed the revolution are now excluded for a long time to come. Convinced that

a weak opposition is a disadvantage, the European Council suggests that the election barrier should be lowered from 7 to 5 percent. The Georgian government declined the European suggestion: "We offered our own arguments. Even with a 7 percent barrier, the parliament will not be deprived of its political spectrum," said Vice Speaker Mikhail Machavariani.<sup>2</sup>

The Georgian leaders do not need a strong opposition, they will do their best to preserve its high rating. This will make the National Movement Party a victim of sorts: it will be impossible to score a victory similar to that in 2004, while a lower result will be regarded as a defeat. The opposition will have to fight hard to procure a "place in the sun"—it will exploit the hardships caused by the reforms and the failures of the present rulers. According to the Gorbi Center of Social Studies, in August 2003 (on the eve of the Rose Revolution), 84 percent of the polled were convinced that the country was taking the wrong road; 5 percent were convinced of the opposite. In December 2003, after the revolution, the situation changed: only 14 percent of the polled were still convinced that the country had taken the wrong road, while 68 percent believed that the road was the right one. These sentiments extended into 2004; by early 2005, it became clear that the percentage of those who approved of the domestic developments had dropped dramatically. In March 2005, 39 percent of the polled disapproved of the chosen road, while 31 percent believed that the course was a correct one.

These figures can be hardly explained by the painful reforms: in anticipation of better living conditions, the nation still supports them. It seems that the dissatisfaction is aroused by the mistakes and the inadequately prepared reforms, primarily in the economic sphere. People cannot wait another ten years: they have already spent ten years waiting under Shevardnadze.

This gives the opposition a chance to regain its place on the political stage by exploiting the mistakes of the government and protest actions and by uniting into larger associations. The 2006 elections to the local administrations will give the opposition structures a chance to test their strength.

## On Whom the Fate of Elections Depends

According to the latest tradition, the Central Election Commission includes representatives of various parties, which, in the capacity of the main election entities, have never doubted this principle. There were a lot of disagreements, however, around personal representation: the government tried to gain a majority in the Central Election Commission, while the opposition frantically opposed this. On 22 April, 2005, the Election Code was amended: from that time on the Central Election Commission was formed according to professional rather than party principle. The new Central Election Commission will consist of seven members (one chairman and six members) elected by the parliament on the president's recommendation after an open competition. Under the law, the candidate should not belong to any of the parties, have higher education, and a work record of at least three years, and these people should be respected in society and hold the certificate of an administrative civil servant. It is impossible today to fulfill the latter requirement, since there is no structure empowered to issue such certificates.<sup>3</sup>

While carrying out this reform, the government spared no words to convince the public that the coming elections would not develop into political haggling: the Central Election Commission staffed with professionals will guarantee fair elections.

<sup>2</sup> See: *Rezonansi*, 12 May, 2005 (in Georgian.)

<sup>3</sup> See: *Novye 7 dney* newspaper, 3-9 June, 2005.



The opposition has resolutely refused to accept this,<sup>4</sup> because, it argued, it was the president, the head of the ruling party, who was entrusted with the right to select the members and the chairman, who would inevitably turn out to be either party members or its supporters. In other words, says the opposition, the country will be left with a one-party Central Election Commission—a fact fraught with the threat of falsifications.<sup>5</sup> Pikria Chikhradze, a member of the right-wing opposition represented in the parliament, said: “No one should expect objectivity because the parliamentary majority adopted an Election Code which excludes any objectivity.”<sup>6</sup> Zviad Dzidziguri, one of the conservative leaders, said that this will cause another revolution: “All elections in which the National Movement intends to take part will be falsified until this stirs up unrest and destabilization in the country.” Kakha Kukava, another opposition leader, agrees with his colleague: “The way the Central Election Commission is formed today will lead to another Rose Revolution. The government needs this sort of commission in order to falsify the elections, since the government’s rating is too low. The ruling party will obviously lose the coming elections. For our part, we shall never reconcile ourselves with falsifications; we shall bring people into the streets and send Saakashvili to the same place we have already sent Shevardnadze. This election commission could have been appointed by Lukashenko or Niyazov.”<sup>7</sup> Other opposition leaders agreed with the above.

The leaders categorically reject all the accusations: “Under this model responsibility rests upon us, the representatives of power. We promise to consolidate the international standards,” said Gia Bokeria, one of the most active members of the parliamentary majority.<sup>8</sup> He said that this pattern won the support of all the NGOs under Shevardnadze: “It seems that the opposition is sure of losing the elections and is doing its best to prepare people for this.”<sup>9</sup>

Some international experts welcome the idea of separating the elections administration and the political parties. Bernard Owen, electoral expert from the Venice Commission, Director of the French Center for Comparative Studies of Elections, has pointed out that it would be no overstatement to say that on the road to this reform Georgia has outstripped even the United States.<sup>10</sup> At the same time, the foreign experts were puzzled by the lack of trust demonstrated by the opposition. It was under Shevardnadze that a delegation of the European Council monitoring committee headed by Matias Yorsh recommended that the Georgian leaders staff the Central Election Commission according to professional attributes. Today, however, Evgeni Kirillov, speaking for the same group, announced that since the political parties are obviously distrustful of a professional Central Election Commission, it should be composed on the parity principle.<sup>11</sup>

On 3 June, 2005, the parliament, or rather its majority, approved the new Central Election Commission. The opposition preferred to boycott the voting and left the assembly hall. It issued a critical

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<sup>4</sup> The new mechanism of staffing the Central Election Commission works in the following way: anyone wishing to become a commission member should apply to the State Chancellery. It received 32 applications from those wishing to fill the post of chairman and 483 applications from those who wanted to fill one of the six posts of commission member (*Rezonansi*, 28 May, 2005). A special commission selected 30 names out of 483 applicants and several names out of 32 applications. On 30 May, the president submitted the 12 names of those who wanted to be members and one name for chairman. Under the law, the president should supply two names for each position—it is for the parliament to select the best candidate.

<sup>5</sup> The opposition made up of the Republicans, Conservatives, the New Industrialists alliance, and the Svoboda political alliance offered the government an alternative. They insisted that, once the professional requirements were satisfied, the president should share the right to nominate candidates with the political organizations and that the results of previous elections should be taken into account (*Novye 7 dney*, 3-9 June, 2005).

<sup>6</sup> *Rezonansi*, 30 May, 2005.

<sup>7</sup> *Zavtrashniy den*, 3 October, 2005.

<sup>8</sup> See: *24 chasa* newspaper, 4 June, 2005.

<sup>9</sup> *Rezonansi*, 30 May, 2005.

<sup>10</sup> See: *24 chasa*, 19 October, 2005.

<sup>11</sup> See: *Rezonansi*, 12 November, 2005.

statement about the structure's one-party composition and warned about inevitable falsification of the election results. The election held on 1 October, 2005 proved to be the first test for the newly appointed structure.

## Results of the Midterm Election

On 1 October, 2005, the candidates of the United National Movement, the party of power, won in all five constituencies. The parliamentary majority gained five more members. This increase was of secondary importance—the main thing for the party of power was to confirm its popularity. This was why President Saakashvili said the following: “I think that the victory was an important and highly inspiring one. Those who several months ago said that in the summer Saakashvili would have no power are back to square one. This election has demonstrated that our power has not weakened—it is gaining strength and winning more ground in Georgian society.”<sup>12</sup>

At the same time, the president expressed his concern with the opposition's “catastrophic defeat” because, said he, “normally, midterm elections are believed to give the opposition a chance. In Georgia, the opposition should have done its best to win in these five constituencies. This means that the opposition in Georgia is obviously weak, which is bad. The time has come for it to gain strength.” The president explained that the opposition lost because of its tendency to concentrate on the negative aspects, while the nation needed hope. The government gave them hope. The president called on the opposition to change their methods, since any government in power, even the most successful, needs a constructive, responsible, and dedicated opposition.<sup>13</sup>

Needless to say, the opposition disagreed with this: the defeats in the five constituencies were not a collapse. In fact, the election demonstrated that society is becoming more critically minded. “The opposition did not nominate its leaders at this election, yet 1 October demonstrated that the government has a low rating. According to public opinion polls, it is no higher than 25 percent, while the combined ratings of the four opposition parties is higher,” said David Berdzenishvili, one of the Republican Party's leaders.<sup>14</sup>

The opposition has many misgivings about the election campaign, its fairness, and its objectivity: its representatives announced that the candidates from the government had budget money and the administrative resource at their disposal, as well as support of the president and premier. The government went to all lengths to prevent an opposition candidate from winning in any of the constituencies. The opposition mainly objects to the way the voter lists were compiled—even though the tested instrument called the “carousel” had been dropped, many of the names were absent from the lists. The opposition insists that the Central Election Commission falsified the lists in compliance with orders from above.<sup>15</sup> The names of those who expressed opposition sentiments were absent from the lists.<sup>16</sup>

The government says that the nation supports it and that the opposition was defeated, while the opponents of the government forecast that the powers that be will lose the 2006 local elections if they are conducted fairly. Those who do not expect fairness are talking about another revolution: “We shall

<sup>12</sup> *Novoe pokolenie*, 3 October, 2005.

<sup>13</sup> See: *Ibidem*.

<sup>14</sup> *24 chasa*, 3 October, 2005.

<sup>15</sup> See: *Zavtrashniy den*, 3 October, 2005.

<sup>16</sup> See: *Novaia versia*, 3 October, 2005.

be not allowed to conduct elections by peaceful means. I fear clashes between the government and those voters who come to the polls but will not be allowed to vote. The opposition will protect them anyway. Since the government will resist, we can expect a repetition of 23 November, 2003," said Kakha Kukava, one of the leaders of the conservative party.<sup>17</sup>

These contrasting assessments of the election process cannot but cause concern: the government and the opposition have failed to start a dialog again. The Election Code and the voter lists should be checked and re-checked: if the number of people who failed to discover their names on the voter lists proves large, doubts will cast aspersions on the election's legitimacy. Due to the mounting opposition between the political forces, confrontation will be inevitable.

The opposition forces all agree that the new government will falsify the election with a zeal comparable to that demonstrated by the Shevardnadze regime. They say that this is confirmed not only by the results of midterm election on 1 October, but also by the new rules for forming election commissions. Regretfully, it can only be said that after the "velvet revolution," the country is not putting a great deal of trust in the institution of elections.

## The Government and the Opposition: A Confrontational Model

The European Council's resolution on Georgia passed in January 2005 pointed out the weakness of Georgia's opposition; this is described as a deep pitfall on the road to democracy. The draft resolution spoke about the absence of an opposition, yet the Georgian leaders managed to replace the word "absence" with the words "weak opposition."<sup>18</sup> The present rulers merely shrug their shoulders—it isn't our fault the nation supported us. Saakashvili even went as far as to say that it is beyond the government's power to clone an opposition.

The year 2006 will give the opposition several chances to test its strength: traditionally it does well at local elections; in any case, it did well in 1998 and 2002 under Shevardnadze. This time, the government will find it hard to repeat its success of 28 March, 2004.

Today, political opposition is undergoing a transition, while the Georgian leaders are treating it with a lot of disdain and cynicism. According to the president, the right-wingers "are leftovers from Shevardnadze's era, and they never thought about anything except their own prosperity."<sup>19</sup> The opposition pays in kind with ridicule and abuse. It seems that the sides will go on in the same vein, which is not conducive to democratic political culture and is fraught with destabilization.

Experts do not exclude the possibility of a single opposition bloc in 2006. We should never forget, however, that in the past these elections were used to test the party's potential, therefore, the opposition parties may try to overcome the 4 percent barrier of the local elections individually.

There is a lot of talk about another revolution because of mistrust in the upcoming elections: the nation and the opposition are equally impressed by the Rose Revolution: if it was possible in the past, it might be possible in the future. There are two types of opposition in Georgia: the pro-Western opposition, which objects to what the government is doing from the "greater democracy" viewpoint and talks about an inevitable revolution, and the pro-Russian opposition, which is distancing itself from

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<sup>17</sup> *24 chasa*, 3 October, 2005.

<sup>18</sup> *Novaia versia*, 2-3 February, 2005.

<sup>19</sup> *24 chasa*, 11 February, 2005.

the West and perceives the country's future in an alliance with Russia. Because of Russia's attitude toward official Tbilisi, however, this opposition stands no chance in the elections. This explains why the stakes are being placed on social upheaval and another revolution. This threat may remain unfulfilled and be limited to psychological pressure on the government; but if the situation destabilizes, the threat might become very real.

Revolution infatuation is dangerous; it would have been wise to introduce a provision on holding democratic and fair elections into the "national consensus" document drafted in the parliament on the majority's initiative and to take concrete steps toward its realization.

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## REGIONAL CONFLICTS

**LIMITS OF  
INTERNATIONAL INVOLVEMENT  
IN THE SOUTHERN CAUCASUS:  
THE OSCE MEDIATION  
IN THE NAGORNO-KARABAKH CONFLICT  
(1992-1996)**

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## **1. Introduction**

The aim of this article is to examine and analyze the mediation of the Organization for Security and Cooperation in Europe (OSCE) in the Nagorno-Karabakh (N-K) conflict from 1992 to 1996, and the internal and external difficulties that hampered its peacemaking efforts. Also, the aim is to analyze the positions of the external (Russia) and internal (Armenia, Azerbaijan, Karabakh leadership) actors with respect to the peace plans presented by the OSCE, and highlight the causes that contributed to their failure. In this context, much emphasis is put on the peace strategy implemented by the OSCE for conflict resolution in N-K, and the position of Russia which tried to sideline the OSCE to keep the Southern Caucasus under its direct political and economic influence. This article also stresses

the role of Russia as a major regional actor in the N-K conflict and the prospects for possible cooperation between Russia and the OSCE from 1992 to 1996.

## 2. The CSCE/OSCE Involvement in the N-K Conflict (1992-1993)

The founding Helsinki Act in August 1975 that formally established the Conference for Security and Cooperation in Europe (CSCE), OSCE since 1994, has been viewed as an organization without a strong mandate to promote the peaceful resolution of ethnic conflicts and other disputes between and within member states.<sup>1</sup> A key development in the mediation to resolve the N-K conflict was the United Nation's agreement in late 1992 to let the OSCE become the main leading international body in the management and resolution of the N-K conflict.<sup>2</sup> The OSCE became officially involved in the N-K conflict on 24 March, 1992, when its Ministerial Council adopted a decision to convene in Minsk (Belarus) under the auspices of the OSCE to provide an ongoing forum for the negotiation of a peaceful settlement of the N-K conflict between Armenia and Azerbaijan<sup>3</sup> (two former Soviet republics which declared independence after the demise of the Soviet Union in 1991). In this way the idea of a "Minsk Conference" was born.

In this context, Armenia, Azerbaijan, and ten other OSCE members (the Czech Republic, Slovakia, Germany, Sweden, Belarus, France, Italy, the Russian Federation, the U.S. and Turkey) agreed to take part in the "Minsk Conference." Also, representatives of Karabakh Armenians and Azerbaijanis would participate. The "Minsk Conference" did not convene because of the escalation of the fighting in 1992 in N-K between the Armenians and Azerbaijanis. Hence, the "Minsk Conference" became instead the Minsk Group with the Italian deputy Foreign Minister as its first Chairman.<sup>4</sup> At this period the aims of the OSCE were first to arrange a ceasefire in N-K and then commence negotiations between the parties to the conflict. The OSCE Stockholm meeting on 14 December, 1992 that was on the verge of implementing a full ceasefire agreement in N-K failed because of Azerbaijan's refusal.<sup>5</sup>

The first Minsk Group "emergency preliminary" meeting was held in Rome in June 1992 in the absence of a Karabakh delegation.<sup>6</sup> The first two sessions of the talks continued and an agreement was reached on the need to send peacekeeping troops to N-K. Unfortunately, the Minsk Group during the Rome meeting did not clarify from the beginning that the peaceful resolution of the N-K conflict

<sup>1</sup> See: W.M. Brinton, "The Helsinki Final Act and Other International Covenants Supporting Freedom and Human Rights," in: W.M. Brinton, A. Rinzler, *Without Force or Lies, Voices from the Revolution of Central Europe in 1989-1990*, Mercury House Press, U.S.A., 1990, pp. 53-56.

<sup>2</sup> See: N. Macfarlane, "Keeping Peace or Preserving Conflicts?" *Warreport*, No. 52, June-July 1997, p. 34.

<sup>3</sup> See: E. Fuller, "Ethnic Strife Threatens Democratization," in: *Radio Free Europe/Radio Liberty Research Report* (hereafter RFE/RLRR), Vol. 2, No. 1, January 1993, p. 22.

<sup>4</sup> See: J.J. Maresca, "Resolving the Conflict Over Nagorno-Karabakh: Lost Opportunities for International Conflict Resolution," in: Ch.A. Crooker, F.O. Hampson, P. Aall, *Managing Global Chaos, Sources of and Responses to International Conflict*, United States Institute of Peace Press, Washington, D.C., 1996, p. 260.

<sup>5</sup> *Ibidem*. Despite the failure of the ceasefire attempt, "the Stockholm meeting was significant for the Nagorno-Karabakh negotiations in a much broader way, for at this meeting Russian Foreign Minister, Andrei Kozyrev, gave a hard line speech that hinted at the direction that Russian policy would follow on issues such as Nagorno-Karabakh in the months to come" (see: *Ibid.*, p. 261).

<sup>6</sup> See: D.D. Laitin, R.G. Suny, "Thinking a Way Out of Karabakh," *Journal of Middle East Policy* (e-mail version), Vol. 3, No. 1, October 1999, p. 12.

would have to reconcile two fundamental principles: the territorial integrity of recognized states and the right to national self-determination of peoples.<sup>7</sup> This lack of clarity probably gave the Karabakh Armenian leadership a “false signal that unilateral shifts in borders might be acceptable to the international community.”<sup>8</sup>

In this context, even if the OSCE had not specified clearly in its Rome meeting in 1992 that shifts in international borders were unacceptable, the Karabakh Armenian leadership should have realized that the principle of national self-determination in the form of separate statehood would pose a threat to the existence of Azerbaijan. Apparently, the OSCE had advocated since 1992 a solution to such conflicts which combined respect for territorial integrity of the state while simultaneously respecting the regional minority population’s right to self-determination. Therefore, in order to resolve the N-K conflict the OSCE followed an approach that balanced Azerbaijan’s territorial integrity with an acceptable autonomous status for N-K within Azerbaijan. Moreover, the Karabakh Armenians’ declaration of independence from Azerbaijan on 6 January, 1991, and their attempt to create a separate state on ethnic lines was not endorsed by the OSCE.<sup>9</sup> In 1992, the Minsk Group expected that Armenians and Azerbaijanis would establish rapport and negotiate on a political settlement. At a later stage, it would become possible to determine the final political status of N-K.

In October 1993, the Minsk Group Chairman, Mr. Mario Raffaelli, presented a peace plan for the settlement of the N-K conflict which pinpointed the following:

- “1. The progressive withdrawal of armed forces of Nagorno-Karabakh within one month from the different occupied territories.
- “2. Azerbaijan was to respond by lifting its blockade in a number of corresponding stages: first, the gas pipeline, then second, the Idjevan-Kazakh railway and finally, all other lines of communication were to be unblocked.
- “3. All these stages were to be monitored by groups of CSCE experts.”<sup>10</sup>

The plan was refused by Azerbaijan because it did not address the Armenian blockade of the Autonomous Republic of Nakhichevan (which belongs to Azerbaijan), and did not refer to the Lachin District (a land corridor that connects N-K with Armenia). Armenia agreed to the plan but the Karabakh Armenian leadership did not. On 8 November, 1993, the Minsk Group which met in Vienna, presented a new peace plan which took the Azerbaijani demands into consideration, particularly, the withdrawal of the Karabakh Armenian forces from the occupied Azerbaijani territories and the return of the Azeri refugees to their homes in N-K. The status of N-K was not stipulated because it would be discussed in the “Minsk Conference” that was never convened.<sup>11</sup> The Vienna meeting’s results were criticized by the Azerbaijani Foreign Minister, Hasan Hasanov, who accused the Minsk Group of “siding with Armenia and of tacitly condoning an Armenian policy of ethnic cleansing.” On the other hand, the Armenian presidential spokesman, Aram Abrahamian, assessed the Vienna meeting positively advocating combined mediatory among the OSCE, Russia and the UN.<sup>12</sup>

<sup>7</sup> See: R. Weitz, “The CSCE’s New Look,” in: *RFE/RLRR*, Vol. 1, No. 6, February 1992, p. 27.

<sup>8</sup> D.D. Laitin, R.G. Suny, op. cit., p. 12.

<sup>9</sup> See: *Azerbaijan, Seven Years of Conflict in Nagorno-Karabakh*, Human Rights Watch/Helsinki, New York, Washington, Los Angeles, London and Brussels, 1994, p. 2.

<sup>10</sup> *Report on the Conflict on Nagorno-Karabakh*, Document 7182, presented to the Parliamentary Assembly of the Council of Europe (PACE), 17 October, 1994, p. 8, available at [<http://stars.coe.fr/doc/doc94/edoc7182.htm>].

<sup>11</sup> See: *OSCE Handbook, Field Activities, the Nagorno-Karabakh Conflict Dealt with by the Minsk Conference*, 4 April, 2000, p. 14, available at [<http://www.osce.org/publications/handbook/5.htm>].

<sup>12</sup> See: E. Fuller, “Russia, Turkey, Iran, and the Karabakh Mediation Process,” in: *RFE/RLRR*, Vol. 3, No. 8, 25 February, 1994, p. 32.

The failure of the Minsk Group's first phase (January-December 1992) mediation can be attributed to a number of causes.

- First, both parties to the conflict (Armenians and Azerbaijanis) were not tested on the battlefield and had hopes of winning the conflict militarily. Also, both sides could not count on their politically weak governments "to risk being accused by their domestic opposition of a sellout."<sup>13</sup> In this respect, Karabakh Armenians and Azerbaijanis sought a military solution to the N-K conflict in the absence of international pressure to stop the war. Indeed, violence escalated in 1993 when both sides intensified their military operations to defeat the other. Politically, the nationalist political parties were strong in Armenia and Azerbaijan. In Armenia, President Levon Ter-Petrosian was unable to convince the parliament to accept an initial peace settlement that would postpone the discussion of the status of N-K.<sup>14</sup> Similarly, in Azerbaijan, President Abulfaz Elchibey refused any compromise settlement before the withdrawal of the Karabakh Armenian forces from the Azerbaijani occupied territories.<sup>15</sup>
- Second, the low-level interest of the Minsk Group in resolving the N-K conflict. It could be argued that this was a major difficulty that confronted the OSCE Stockholm meeting to implement a ceasefire in N-K. In this respect John J. Maresca, the U.S. ambassador to the OSCE, stated that "the Chairman of the Minsk Group did not even attend the Stockholm meeting. His absence signaled that no important developments were expected and ensured that (foreign) ministers would not focus" on the N-K case.<sup>16</sup> The Russians also did not send their Minsk Group negotiator. Perhaps, the Russian absence was deliberate in order to distance Russia from any decision to be taken by the Minsk Group. Furthermore, "there was no official position of the U.S. representative to the Minsk Group despite the fact that the Minsk Group had been created because of high-level U.S. intervention."<sup>17</sup> It seemed that the U.S. representative was not interested in a peace deal for the N-K conflict.
- Third, there was doubt expressed by the Minsk Group Foreign Ministers in Stockholm regarding a future peacekeeping operation or monitoring force, whether the OSCE could actually provide such a force to be dispatched to N-K.<sup>18</sup> In principle, a very large majority in the Organization should take such a decision. Also, the OSCE can only engage peacekeeping missions in conflict zones after an effective ceasefire between the conflicting parties, and only after their consent and cooperation. Even if these conditions were provided in 1992, an OSCE peacekeeping force was not immediately available.<sup>19</sup> Hence, it was difficult to see how an OSCE peacekeeping force could be provided to monitor a ceasefire that would need quick deployment to prevent its collapse.<sup>20</sup>

To sum up, no doubt that these difficulties lessened the efficiency of the Minsk Group to attract the representatives of the parties to the conflict to serious negotiations. Hence, instead of showing the

<sup>13</sup> J.J. Maresca, op. cit., p. 261.

<sup>14</sup> See: Th.D. Waal, *Black Garden, Armenia and Azerbaijan Through Peace and War*, New York University Press, New York and London, 2003, pp. 226-227. See also: S. Goldenberg, *Pride of Small Nations, the Caucasus and Post-Soviet Disorder*, Zed Books Ltd., London and New Jersey, 1994, pp. 147-148.

<sup>15</sup> See: E. Fuller, "Armenia Votes Overwhelmingly for Secession," in: *RFE/RLRR, Report on the U.S.S.R.*, Vol. 3, No. 39, 27 September, 1991, pp. 18-20.

<sup>16</sup> See: J.J. Maresca, op. cit.

<sup>17</sup> Ibid., pp. 261-262.

<sup>18</sup> See: Ibid., p. 262.

<sup>19</sup> See: Ibid., p. 263.

<sup>20</sup> See: J. Walker, "European Regional Organizations and Ethnic Conflict," in: R.O. Karp, *Central and Eastern Europe, the Challenge to Transition*, Oxford University Press, Oxford and New York, 1993, pp. 55-56.



conflicting sides a strong commitment to resolve the N-K conflict, the Minsk Group seemed weak because of the lack of coordination among its members. Furthermore, the absence of an official position of the U.S. representative to the Minsk Group, and Russia's determination to distance itself from the Minsk Group could be considered important reasons for its failure to exert more political pressure on the conflicting sides and make them pursue a compromise.

In addition to the above mentioned causes, there were also a number of internal factors at the domestic level that hampered the first phase of the negotiations in Stockholm.

- Firstly, given the committed atrocities in 1992-1993 in N-K, the Armenian and Azerbaijani representatives had little incentive to negotiate in good faith and were unready to make serious concessions to reach a compromise. It seemed that these representatives were not open to discussion, unprepared to listen to each other's needs and evidently unauthorized by their governments to make concessions.
- Secondly, the weak and the transitional nature of the Armenian and Azerbaijani newly independent states. In 1992 the nationalist intellectuals in both states were in power and "liberating" N-K was on top of their political agenda. Hence, they were unready to listen to the early peace initiatives of the Minsk Group.
- Thirdly, both Armenia and Azerbaijan were newly independent states with weak democratic experience and human rights standards. Probably, the Soviet legacy was dominating their relationships with each other as neighboring states. With strong ethno-national radical organizations which emerged as a result of the mobilization of ethnic identity in both republics for the cause of N-K, perhaps the expectations of the Minsk Group in 1992 seemed too much with respect to a compromise resolution.

Therefore, the failure of the Minsk Group to attain a ceasefire in N-K during this period in Stockholm was the result of all these external and internal factors. We turn now to examine the role of Russia and its weak cooperation with the OSCE in the N-K peace process.

### 3. Possible Cooperation Between the OSCE and Russia (1992-1993)?

The eclipse of the OSCE efforts to hammer out a political solution to the N-K conflict in 1992 encouraged Russia to step in strongly in the Southern Caucasus. Russia found the political situation conducive to enforce a unilateral peace agreement. On 20 February, 1992, with the initiative of the Russian Foreign Minister, Andrei Kozyrev, the Armenian and Azerbaijani Foreign Ministers met in Moscow and pledged "an immediate ceasefire, the restoration of communications, dispatch of humanitarian aid and continuing negotiations on a settlement of the conflict."<sup>21</sup> The parties disagreed over the participation of the N-K leadership in future negotiations, and the possibility of the deployment of U.N. peacekeeping troops in the region.

Russia's major aim was to return the Southern Caucasus to its direct political influence as it was before the collapse of the U.S.S.R. in 1991. Russia wanted to broker a ceasefire and play a leading

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<sup>21</sup> E. Fuller, "Nagorno-Karabakh: Internal Conflict Becomes International," in: *RFE/RLRR*, Vol. 1, No. 11, 13 March, 1992, p. 3.

role in the N-K negotiations to keep its leverage in both Armenia and Azerbaijan. In principle, Russia was not against the deployment of U.N. peacekeeping troops in Karabakh provided that they would be replaced at a later stage by Commonwealth of Independent States (CIS) peacekeeping forces. Russia was promoting the status of the CIS to be recognized as a regional and international organization along with the U.N. and the OSCE.<sup>22</sup> Russia was even encouraged to do so in the absence of international support for a U.N. peacekeeping role in the Caucasus as the U.S. State Department stated that “the U.S.A. would not support a move to deploy U.N. troops in Nagorno-Karabakh at this time.”<sup>23</sup>

The Minsk Group in its second phase of mediation (January-August 1993) also faced Russia. Russian insistence on peacekeeping on the territories of the Former Soviet Union (FSU) was proclaimed by President Yeltsin in a speech in February 1993: “Stopping all armed conflicts on the territory of the former U.S.S.R. is Russia’s vital interest. I believe the time has come for distinguished international organizations, including the U.N., to grant Russia special powers as guarantor of peace and stability in the regions of the former U.S.S.R.”<sup>24</sup>

Moscow’s “deny access” strategy at this period was applied in its diplomatic relations with the OSCE. Moscow did not hesitate to exploit every opportunity to “make trouble” and prevent consensus on important decisions in the Organization. Moscow was worried about the OSCE’s increased involvement in the management of the N-K conflict because that would undermine and marginalize its role in the Caucasus.<sup>25</sup>

As a cover to its “deny access” strategy, Yeltsin’s personal mediator for N-K, Vladimir Kazimirov, declared in the summer of 1993 that Russia decided to conduct its diplomatic activity on four levels to attain a peaceful resolution to the N-K conflict: “as a member of the Minsk Group, within the U.N., acting independently, and on the basis of bilateral consultations.”<sup>26</sup>

Parallel to Kazimirov’s declaration, the U.S. interest resumed in favor of finding a peaceful resolution to the N-K conflict by means of introducing an international rather than Russian peacekeeping force. Maresca, who was preparing a peacekeeping proposal, offered Kazimirov a list of seven conditions for a joint supervision of a ceasefire in N-K. Had the Russians responded, it could have paved the way for Russian-international cooperation under the auspices of the OSCE.<sup>27</sup>

By the end of 1993, a change in the Chairmanship of the Minsk Group from the Italians to the Swedes made it difficult to pursue U.S.-Russian negotiations on cooperative arrangements in the Caucasus. The Swedish Chair, Jan Eliason, decided to terminate private meetings and pursue the peace process through shuttle diplomacy, an approach which according to Maresca “downgraded the U.S. role in the process even though the U.S. was the only voice the Russians took seriously.”<sup>28</sup> Maresca argued that the reason behind Eliason’s decision to conduct shuttle diplomacy was that “the Swedes had not participated actively in the earlier work of the Minsk Group and they had been influenced decisively by the failure in Stockholm.”<sup>29</sup> They thought that shuttle diplomacy could achieve a breakthrough in the negotiations.

The second phase of the OSCE mediation also did not produce tangible results. A number of external and internal factors contributed to the failure of brokering a lasting ceasefire and resumption of negotiations. First, the Russian policy objective of keeping other countries out of its declared

<sup>22</sup> See: S. Crow, “Russia Promotes the CIS as an International Organization,” in: *RFE/RLRR*, Vol. 3, No. 11, 18 March, 1994, p. 33.

<sup>23</sup> E. Fuller, “Nagorno-Karabakh: Internal Conflict Becomes International.”

<sup>24</sup> J.J. Maresca, op. cit., p. 263.

<sup>25</sup> See: P.K. Baev, “Going It Alone in the Caucasus,” *Warreport*, No. 52, June-July 1997, p. 36.

<sup>26</sup> E. Fuller, “Russia, Turkey, Iran, and the Karabakh Mediation Process,” p. 32.

<sup>27</sup> See: D.D. Laitin, R.G. Suny, op. cit., p. 13.

<sup>28</sup> *Ibid.*, p. 14.

<sup>29</sup> J.J. Maresca, op. cit., p. 265.

sphere of influence in the Caucasus. Second, the lack of consistent and explicit Russian stance to engage in serious negotiations to resolve the N-K conflict. Third, the transfer of the Chairmanship of the Minsk Group to Eliason<sup>30</sup> who underestimated the positive effect of the group meetings of the Minsk Group that apparently discouraged Russia to conduct unilateral negotiations with the conflicting parties.

Internally, Armenia, Azerbaijan and the N-K Leadership were not interested in serious negotiations. Their political positions in the second phase of the OSCE mediation more or less remained the same. It should be acknowledged that the ongoing war in 1993 in N-K, and Russia's biased relations with Armenia and Azerbaijan affected significantly the peaceful resolution of the N-K conflict. In Armenia, the official position of the government gave more ascendancy to Russia's role in the N-K conflict rather than the OSCE's role. This was expressed clearly when Gerard Libaridian, former Armenian presidential advisor, stated that "the Minsk Group lags behind the unfolding of events... [it] advances no initiatives, it only waits till the conflicting sides make their conditions."<sup>31</sup> Perhaps, Armenia's stance stemmed from its perception concerning Russia's protection of its borders with Turkey, particularly, in the absence of a lasting ceasefire in N-K and good neighborly relations with Turkey and Azerbaijan.

In Azerbaijan, the newly elected President Heydar Aliiev in 1993 vowed publicly to introduce peacekeepers in N-K, restore Azerbaijan's sovereignty and secure the return of the refugees to their homes. However, in order to fulfill his agenda he had to "maneuver between Azerbaijani nationalism and support for reconsolidation with Russia."<sup>32</sup> In this respect, while Kazimirov was visiting Baku along with Erevan and Stepanakert (N-K's Capital) and was criticizing the Minsk Group by stating that "it lacked mechanisms for enforcing an eventual ceasefire," Aliiev too made similar comments. Indeed, Aliiev said: "the Minsk Group had achieved virtually nothing."<sup>33</sup> Aliiev's position could have stemmed from the weakness of the U.N. in failing to implement Security Council Resolutions 822 and 853<sup>34</sup> enforcing an unconditional withdrawal of the Karabakh Armenian forces from the Azerbaijani occupied territories.

The stance of the N-K leadership was not conciliatory too. It insisted on Karabakh Armenians' right to self-determination and refused to accept a peace agreement that would not guarantee outright independence from Azerbaijan.

Therefore, for all these external and internal difficulties the peace attempts by the OSCE and Russia in 1992 and 1993 remained abortive. However, on 12 May, 1994 Russia succeeded unilaterally to reach a ceasefire agreement known as the "Bishkek protocol," in the Kirghizstani capital, between Armenia, Azerbaijan and the N-K leadership.<sup>35</sup> Russia considered the ceasefire achievement a political victory over the OSCE. After mid-May 1994, Russia and the Minsk Group continued to pull in opposite directions as both tried to introduce different peace plans for the N-K conflict. The main contested issues were the composition and leadership of the peacekeeping force that would be deployed in N-K. What became clear was that any peace plan would need "harmonization" between the OSCE and Russian efforts.<sup>36</sup>

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<sup>30</sup> See: Ibidem.

<sup>31</sup> E. Fuller, "Russia, Turkey, Iran, and the Karabakh Mediation Process." See also: E. Fuller, "The Near Abroad: Influence and Oil in Russian Diplomacy," *Transition*, Vol. 1, No. 6, 28 April, 1995, p. 32.

<sup>32</sup> I. Bremmer, A. Richter, "The Perils of Sustainable Empire," *Transition*, Vol. 1, No. 3, 15 March, 1995, p. 14.

<sup>33</sup> E. Fuller, "The Near Abroad: Influence and Oil in Russian Diplomacy," p. 32.

<sup>34</sup> See: *Annual Report on OSCE Activities, Section 2.9 on Conflict in the Area Dealt with the Conference on Nagorno-Karabakh, 1993*, available at [<http://www.osce.org/e/docs/annualrep/anrep93e.htm>].

<sup>35</sup> See: M.P. Croissant, *The Armenia-Azerbaijan Conflict, Causes and Implications*, Praeger, Westport, Connecticut and London, 1998, pp. 110-111.

<sup>36</sup> See: *Annual Report on OSCE Activities, Section 2.2 on the Conflict in the Area Dealt with by the Conference on Nagorno-Karabakh, 1994*, available at [<http://www.osce.org/e/docs/annualrep/anrep94e.htm>].

At the same time, the U.S. involvement in the N-K conflict intensified as the Clinton administration tried to give new impetus to the OSCE efforts at mediation. As a result, Maresca in the summer of 1994 presented a new proposal to the warring parties for the settlement of the N-K conflict which included the following terms:

- “1. That Karabakh be recognized as the republic of Nagorno-Karabakh within the sovereign republic of Azerbaijan.
- “2. That Armenia and Azerbaijan sign a treaty on mutual transit rights across each other’s territory.
- “3. That refugees be allowed to return to their homes.
- “4. That all of Armenia and Azerbaijan, including Karabakh, be a free-trade zone.
- “5. That the settlement be guaranteed by the OSCE and the U.N. Security Council.”<sup>37</sup>

As the preparations started for the OSCE Budapest summit in the fall of 1994, the issue of “sphere-of-influence peacekeeping” or “third-country peacekeeping” in N-K rose on top of the international agenda and was discussed by Presidents Clinton and Yeltsin at their meeting in September 1994 in Washington. Although the U.S. did not object to the presence of Russian troops in N-K, Clinton tried to make Russia acquiesce to a “less dominant role” in an OSCE peacekeeping force. Yeltsin argued that Russia was committed to resolve the conflict and preferred to preserve its control in the “near abroad.”<sup>38</sup> No agreement was reached between the U.S. and Russia concerning deployment of peacekeeping troops.

## 4. The OSCE Summit in Budapest in December 1994

The member states of the OSCE met in Budapest from 5 to 6 December, 1994 to discuss strengthening the Organization’s role in resolving conflicts in Europe and the FSU. Among other issues, the participating states debated the possibility of organizing a multinational peacekeeping force to send it to N-K within the framework of the Helsinki document of 1992 which provided a general mandate for OSCE peacekeeping operations.<sup>39</sup>

The conflict over N-K was addressed and a general agreement was reached on the idea of a joint OSCE-Russian peacekeeping force for N-K. Russia dropped its insistence on keeping its dominant role in peacekeeping in its sphere of influence and expressed willingness to participate in such a force under OSCE auspices. Agreement was reached on a 3,000 OSCE force<sup>40</sup> to be dispatched to the region following the signing of a peace agreement between the warring parties, and on the establishment of a High-Level Planning Group (HLPG) to plan the formation, composition and rules of engagement of such a force which also needed an adequate resolution from the U.N. Security Council.<sup>41</sup>

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<sup>37</sup> D.D. Laitin, R.G. Suny, op. cit., pp. 14-15.

<sup>38</sup> See: J.J. Maresca, op. cit., p. 266.

<sup>39</sup> See: *OSCE Handbook, Field Activities, The Nagorno-Karabakh Conflict Dealt with by the Minsk Conference*, p. 15.

<sup>40</sup> See: C. Migdalovitz, a paper on “the Armenian Azerbaijani Conflict” (e-mail version), p. 8, available at [<http://www.geocities.com/master8885/Forces/fas.htm>].

<sup>41</sup> See: *Annual Report on OSCE Activities, Section 2.2, on the Conflict in the Area Dealt with by the Minsk Conference, 1995*, available at [<http://www.osce/e/docs/annualrep/anrep95e.htm>].

Concerning the N-K conflict, the summit achieved two positive steps: first, it supported the previous U.N. Security Council resolutions on the N-K conflict, which called for the immediate withdrawal of the Karabakh forces from the Azerbaijani occupied territories and “enter into intensified substantive talks” for a political settlement under the auspices of the OSCE. Second, the summit approved to deploy a multinational OSCE peacekeeping force to N-K following the conclusion of a political agreement between the warring parties.<sup>42</sup>

Despite the general accord on a combined peacekeeping force reached at the OSCE Budapest summit, two major issues continued to block a final agreement: first, who will command the force, and second, the percentage of the force to be provided by Russia.<sup>43</sup> Apparently, the OSCE and Russia were pursuing the same goal. Both of them had a stake in an internationally supervised peacekeeping force for the N-K conflict. For Russia it was a major opportunity to prove its “post-Cold War conflict resolution role,” and for the OSCE it was an assertion for its “vision of the OSCE as the central international organization for Europe in which it foresaw a major role for itself.”<sup>44</sup> Maresca argued that had the Clinton administration provided more pressure on the Russians, a more tangible agreement on the composition and guidelines for an OSCE peacekeeping force would have been accomplished.<sup>45</sup>

Russian peacekeeping interests in N-K were recognized by the OSCE as it was granted permanent co-Chairmanship of the Minsk Group on 6 January, 1995 together with France and the U.S. This political move facilitated to bring Russian peace initiatives under OSCE supervision<sup>46</sup> and allowed Moscow to exert leverage in any negotiating format.

Despite the positive steps achieved in Budapest there was no final agreement on a peace plan to present to the conflicting parties. As the peace proposals of the OSCE and Russia had not been united and as there was no final clear structure of the proposed international peacekeeping force the choice of the conflicting parties varied. Apparently, each side proposed its point of view on the peacekeeping force and on the way in which the conflict should be resolved.

Armenia wanted not only a permanent ceasefire but also “the cessation of all hostile actions” like the removal of the Azerbaijani and Turkish blockades and the reopening of the lines of communication. In this context, Armenia welcomed either a CIS or an OSCE international peacekeeping force to monitor the ceasefire and control the lines of land and rail communication with Azerbaijan. Armenia’s main objective at this stage was to “find an acceptable end” to the N-K conflict to rebuild its shattered economy.<sup>47</sup> The government of Armenia also favored the acceptance of the N-K leadership as an independent party in the negotiations with Azerbaijan, and granting the Armenian population of N-K “security guarantees” because that would give new impetus to the dynamics of the negotiations.<sup>48</sup>

Azerbaijan, on the other hand, wanted an “unconditional” withdrawal of the Armenian Karabakh forces from the occupied territories, including Shusha and Lachin, and the return of all the refugees to their homes in N-K. Moreover, at this stage Azerbaijan did not present a “clear proposal concerning the legal status of N-K” because it considered N-K part of its territory. Azerbaijan also refused to conduct bilateral negotiations with the Armenian leadership of N-K because it viewed the

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<sup>42</sup> See: The OSCE Budapest Summit 1994, *Intensification of CSCE Action in Relation to the Nagorno-Karabakh Conflict*, available at [<http://www.osce.org/docs/english/1990-1999/summits/buda94e.htm>].

<sup>43</sup> See: D.D. Laitin, R.G. Suny, op. cit., p. 15.

<sup>44</sup> J.J. Maresca, op. cit.

<sup>45</sup> See: Ibidem.

<sup>46</sup> See: E. Herzig, *The New Caucasus, Armenia, Azerbaijan and Georgia*, The Royal Institute of International Affairs, London and New York, 1999, p. 69.

<sup>47</sup> See: *Report on the Conflict in Nagorno-Karabakh*, Document 7182, presented to the Parliamentary Assembly of the Council of Europe (PACE), 17 October, 1994, p. 10, available at [<http://stars.coe.fr/doc/doc94/edoc7182.htm>].

<sup>48</sup> See: Ibidem.

republic of Armenia as its main negotiating partner. Direct negotiations with the leadership of N-K would mean accepting N-K's independence.<sup>49</sup> In regard to peacekeeping forces, Azerbaijan wanted an international peacekeeping force under the aegis of the OSCE.

The N-K leadership insisted on international recognition of its independence. Further, it wanted to be recognized as an official party to the conflict. In addition, it wanted to use the issue of the occupied territories as a bargaining chip in the negotiations. These territories would be returned only after Azerbaijan would recognize N-K's status, and after N-K would be granted international security guarantees.<sup>50</sup> In regard to peacekeeping forces, the N-K leadership favored a Russian or a CIS separation force.

Returning to international politics, we realize that after the Budapest summit, negotiations dragged on in various European capitals and Moscow. Bilateral and trilateral contacts were suggested by the OSCE to narrow the differences between the conflicting parties. We turn now to examine the OSCE Lisbon summit.

## 5. The OSCE Summit in Lisbon in December 1996

The OSCE Lisbon summit from 2 to 3 December, 1996 addressed the security challenges facing the member states and wondered about cooperative approaches in facing them. The summit endorsed the Lisbon Declaration on a Common and Comprehensive Security Model for Europe for the 21st Century and "framework for arms control."<sup>51</sup> The summit also addressed the N-K conflict.

The statement made by the Chairman-in-Office (CIO) of the OSCE, which included the Azerbaijani demand for its territorial integrity, was supported by all the participating states except Armenia. The statement emphasized the following three principles as part of the comprehensive settlement of the N-K conflict:

- "1. Territorial integrity of the republic of Armenia and the Azerbaijan republic.
- "2. Legal status of Nagorno-Karabakh defined in an agreement based on self-determination, which confers on Nagorno-Karabakh the highest degree of self-rule within Azerbaijan.
- "3. Guaranteed security for Nagorno-Karabakh and its whole population, including mutual obligations to ensure compliance by all the parties with the provisions of the settlement."<sup>52</sup>

The Armenian delegation protested against the statement's reference to Azerbaijan's territorial integrity which predetermined the outcome of negotiations between the parties to the conflict to reach a political agreement on the status of N-K.<sup>53</sup> From an Armenian perspective it would be difficult to reach a solution on the status of N-K without negotiating directly with the Armenian leadership of N-K. In the words of Libaridian, "Azerbaijan should have negotiated seriously withdrawals and status rather than hijacking the OSCE Lisbon summit."<sup>54</sup>

<sup>49</sup> See: *Report on the Conflict in Nagorno-Karabakh*, Document 7182, presented to the Parliamentary Assembly of the Council of Europe (PACE), 17 October, 1994, p. 10, available at [<http://stars.coe.fr/doc/doc94/edoc7182.htm>].

<sup>50</sup> See: *Azerbaijan, Seven Years of Conflict in Nagorno-Karabakh*, p. 110.

<sup>51</sup> R. Giragosian, a paper on the "Organization for Security and Cooperation in Europe (OSCE) and the Nagorno-Karabakh Conflict: A Compilation of Analysis," Washington, July 2000, p. 5.

<sup>52</sup> *OSCE Lisbon Summit, 1996, Annexes, Annex 1, Statement of the OSCE Chairman-in-Office*, available at [<http://www.osce.org/docs/english/1990-1999/summits/lisbo96e.htm>].

<sup>53</sup> See: *OSCE Lisbon Summit, 1996, Annexes, Annex 2, Statement of the Delegation of Armenia*, available at [<http://www.osce.org/docs/english/1990-1999/summits/lisbo96e.htm>].

<sup>54</sup> G.J. Libaridian, *The Politics of Promises*, a paper presented at a conference on The Transcaucasus Today, Prospects for Regional Integration, Erevan, Armenia, 23 June, 1997.

The N-K leadership supported a compromise solution based on the right to self-determination and “within an equitable negotiation framework that requires balanced concessions by both parties.” A different approach was endorsed at the Lisbon summit which prevented progress. The N-K leadership then called the OSCE to act as a “neutral mediator and refrain from prejudicial actions and pre-conditions.”<sup>55</sup>

The Azerbaijani delegation accepted the statement issued by the CIO because it supported the territorial integrity of Azerbaijan and Armenia. Azerbaijan remained committed to a peaceful solution based on the Lisbon principles and was ready to provide security guarantees to the “whole population of N-K, which means that Azerbaijanis could return to their lands safely but that Armenians would also be protected as residents there.”<sup>56</sup>

Azerbaijan won a diplomatic battle by presenting itself subject to Armenian aggression with 20 percent of its territory occupied by the Karabakh Armenian forces. The International community had been unwilling to change inter-state borders because that might lead to irredentist claims elsewhere. The OSCE’s support for the territorial integrity of Azerbaijan ended Erevan’s hopes concerning the possibility of international recognition of an independent “N-K republic,” or unification of N-K with Armenia.<sup>57</sup>

Irrespective of the different views of the conflicting parties, at least the OSCE Lisbon summit was an attempt by the international community for a peaceful settlement in the region. Also, the approach adopted by the OSCE in Lisbon in regard to the status of N-K as part of Azerbaijan remained politically important. Although the parties to the conflict did not achieve full compliance to the statement issued by the CIO, the main elements for a peaceful settlement became clearer to all sides. These are summarized in the table below.

Table

Main Elements for a Peaceful Settlement According to CIO

1.	<b>A status of broad autonomy for Nagorno-Karabakh, under the continuing sovereignty of Azerbaijan.</b>
2.	<b>Some form of guarantee for the security of Nagorno-Karabakh.</b>
3.	<b>Armenian withdrawal from Azerbaijan’s occupied territories.</b>
4.	<b>Special arrangements for the Lachin corridor and Shusha District, which would permit the Nagorno-Karabakh Armenians access to Armenia (possibly coupled with similar arrangements between Azerbaijan and Nakhichevan).</b>
5.	<b>Arrangements which will permit at least the major portion of the refugees on both sides to return to their homes.</b>
6.	<b>A major international reconstruction effort.</b>
<p><i>Source:</i> B. Blair, “Forging a Lasting Peace, the Nagorno-Karabakh Conflict,” quoted from an interview with John J. Maresca (Spring 1996), <i>Azerbaijan International</i>, No. (4.1), available at [<a href="http://www.azer.com">http://www.azer.com</a>].</p>	

<sup>55</sup> Ibidem.

<sup>56</sup> V. Guluzade, “Karabakh, The Armenia-Azerbaijan Conflict,” *Azerbaijan International*, No. 6 (2), Summer 1998, available at [<http://www.azer.com>]. For an Azerbaijani perspective on self-determination, see: Ya.T. Aliev, “U.N. Reaffirms the Sovereignty and Territorial Integrity of Azerbaijan,” *Azerbaijan International*, No. 6 (4), Winter 1998, available at [<http://www.azer.com>].

<sup>57</sup> See: L.T. Petrossian, “War and Peace? Time for Thoughtfulness,” *Armenpress*, 3 November, 1997.

Until December 1996 all the OSCE draft peace proposals avoided to discuss the problem of the status of N-K that was the most contentious issue. Further, the issues related to the N-K mediation process could be divided into two categories: first, “military technical” issues or “the removal of the consequences of the war.” These included the occupied territories, the blockades, the refugees, and humanitarian issues. Second, the issue of the status of N-K.<sup>58</sup> It was preferable to discuss issues that belonged to the first category in order to establish grass root contacts between both sides and implement step-by-step solutions leaving the problem of the status to a later stage of negotiations.

## 6. Conclusion

This article examined the limits of the OSCE mediation in the N-K conflict. This article also examined and analyzed the various peace plans that were presented to the conflicting parties by the OSCE from 1992 until 1996.

The aim of the Minsk Group was to attain a sustainable ceasefire and attract the conflicting parties to a negotiated settlement. Initially, this aim was hampered due to disagreements with Russia. Indeed, Russia pursued unilateral initiatives and considered its engagement in the various conflicts in the territories of the FSU as natural and important for its geostrategic interests. As a result, the misunderstanding and rivalry between the OSCE and Russia from 1992 to 1994 enabled the conflicting parties to play off the Minsk Group against the major regional peace broker, Russia. In this period, the OSCE failed to keep its commitments in regard to the deployment of peacekeeping troops in N-K mainly because of disagreements with Russia over the nature and composition of the intended international peacekeeping force. In addition, the lack of cooperation among the members of the Minsk Group hampered the peace process.

The failure of the Minsk Group mediation in 1992 and 1993 could also be attributed to the conflicting parties. Armenia, Azerbaijan and the N-K leadership had little incentive to negotiate in good faith and were unready to make concessions to attain peace. The N-K leadership’s insistence on independent statehood, and Azerbaijan’s insistence on its territorial integrity and withdrawal of the Karabakh Armenian forces from the occupied territories prior to any negotiations over the political status of N-K hampered the mediation of the Minsk Group. Further, the nationalist politicians in both republics were unable to understand each other’s needs and unready to listen to each other’s demands with respect the N-K conflict. Hence, they prevented progress in the peace process.

Nevertheless, the major political events that renewed the Minsk Group’s dynamism as the exclusive mediator in the N-K conflict were the OSCE Budapest and Lisbon summits in 1994 and 1996, respectively. Despite the fact that the OSCE was unable to deploy an international peacekeeping force in N-K, it submitted a proposal in its Lisbon summit as a framework of settlement of the N-K conflict based on Azerbaijan’s territorial integrity, and at the same time providing a high degree of autonomy for the Karabakh Armenians in Azerbaijan.

From the aforementioned, it is reasonable to assume that a sustainable peace in the Southern Caucasus in general and N-K in particular was difficult to achieve without the cooperation and willingness of Armenia, Azerbaijan and the N-K leadership. Hence, the international community and the OSCE should not be held solely responsible for the failure of the peace process in N-K because peace cannot be enforced from above on the conflicting parties.

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<sup>58</sup> See: G.J. Libaridian, *The Challenge of Statehood, Armenian Political Thinking Since Independence*, Blue Crane Books, U.S.A., 1999, pp. 55-56.



# PROBLEMS IN IMPLEMENTING AND OBSERVING THE LAW OF WAR IN THE CENTRAL CAUCASUS

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

The breakup of the U.S.S.R. was a process marked by conflicts for all countries of the Central Caucasus. Many experts have tried to define these conflicts as ethnic, regional, separatist, national liberation, terrorist, etc. But they are probably agreed on one point: all these conflicts are rooted in the geopolitical struggle for spheres of influence. The nature of the conflict in each particular case was determined by the "scenario" of its emergence and development. That is why, despite common features, there are significant distinctions between the conflicts in Georgia and Azerbaijan. First of all, the conflicts in Georgia are formally internal, being initiated by the "home-grown" separatist forces of Abkhazia and South Ossetia, whereas the Nagorno-Karabakh conflict is an interstate conflict, which broke out as a result of Armenia's aggression against Azerbaijan and was carried out under cover of the separat-

ist ideas of some circles in Nagorno-Karabakh. The conflicts in Georgia did not entail an invasion of the country by foreign armed forces, whereas the Nagorno-Karabakh conflict has resulted in the occupation of 20 percent of Azerbaijan's territory by the armed forces of Armenia. Consequently, there are conflicts in two of the three Central Caucasian states (Georgia and Azerbaijan), while the third state (Armenia) is involved in one of these conflicts in the role of an aggressor occupying Azerbaijani territories.<sup>1</sup> In light of the above, the problems of implementation and observance of international humanitarian law (IHL) are of particular importance to the region.

<sup>1</sup> See: The Conflict over the Nagorno-Karabakh Region Dealt with by the OSCE Minsk Conference. Parliamentary Assembly of the Council of Europe Resolution No. 1416 (2005) [<http://assembly.coe.int/Mainf.asp?link=/Documents/AdoptedText/ta05/ERES1416.htm>], 14 April, 2005.

## **International Humanitarian Law and Its Violations in Nagorno-Karabakh and Adjacent Territories of Azerbaijan**

International humanitarian law ("the law of war") is a code of rules whose main sources are the Geneva Conventions of 1949 and their two Additional Protocols of 1977, intended to protect persons

who do not take part or have ceased to take part in hostilities, and also to limit the means and methods of warfare in order to alleviate and prevent human suffering in time of war. Hence the importance and urgency of the problem of compliance with IHL rules in the Central Caucasus, whose population has long suffered from numerous armed conflicts.

IHL rules should be observed by any armed forces or other groupings of all the parties to the conflict. But an analysis of the situation in the region reveals a great many violations of international humanitarian law. For example, the frozen Nagorno-Karabakh conflict has resulted in the occupation of Azerbaijani territories by the Republic of Armenia, which has lasted for many years. In IHL, these matters are governed by the 1907 Hague Regulations, the 1949 Geneva Convention relative to the Protection of Civilian Persons in Time of War (the Fourth Geneva Convention),<sup>2</sup> and some provisions of Additional Protocol 1 to the Geneva Conventions.<sup>3</sup> As it follows from the provisions of these legal sources, a territory is considered occupied when it is actually placed under the authority of a hostile foreign power that has gained full or partial control of this territory.

This definition is undeniably an accurate description of the general features of the events in Nagorno-Karabakh, whose territory is now under the authority of the aggressors from the Republic of Armenia. International humanitarian law is applicable in such cases regardless of whether the occupation is legal or illegal (as in the above example). The occupation regime imposes obligations on the occupying power while granting it certain rights, but this regime should not violate the sovereignty of the occupied territory. As soon as authority over a given territory passes into the hands of the occupying power, the latter becomes responsible for restoring and ensuring, as far as possible, public order and safety. But current events in the territory of Azerbaijan's Nagorno-Karabakh, far from fitting into the framework of IHL rules, flagrantly violate these rules. The lawlessness perpetrated in this territory, which started with ethnic cleansing and has turned Nagorno-Karabakh into an "uncontrolled area," can hardly be described as maintenance of public order and safety. In addition to the rules established by IHL, it is necessary to apply national legislation and human rights law. Their provisions are also violated in the Armenian-occupied territories of Azerbaijan, whose national legislation is totally ignored. Instead of that, these territories are under a military regime established by the occupiers. In Nagorno-Karabakh with a population of around 100 thousand, there are 15-20 thousand military personnel, 316 tanks, 324 armored personnel carriers (APC) and armored infantry fighting vehicles (AIFV), and 322 artillery systems.<sup>4</sup> Naturally, such conditions are conducive to numerous violations of human rights, whose observance is the duty of any state even under the conditions of an ethnic armed conflict.

Art 4 of the Fourth Geneva Convention prohibits violence to life and person, and also outrages upon personal dignity in relation to people falling into the category of "civilian persons."<sup>5</sup> Acts committed by members of Armenia's armed forces as they occupied Azerbaijani territories violate all the basic rules of humanitarian law regarding the protection of civilian persons. The tragic events in the Azerbaijan city of Khojaly, where Armenian formations (jointly with Russia's 366th Motorized Rifle Regiment) perpetrated a bloody massacre of civilians, are a case in point. Specialists say that these actions bear all the signs of genocide. Today one could list up to 20 proven cases of violations (during the period of active combat operations alone) of IHL rules committed by the Armenian invaders against the wounded, prisoners of war and civilian persons

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<sup>2</sup> See: Geneva Conventions of 12 August 1949 and Their Additional Protocols [<http://www.unhcr.ch/html/menu3/b/92.htm>], [<http://www.unhcr.ch/html/menu3/b/93.htm>].

<sup>3</sup> See: *Ibidem*.

<sup>4</sup> See: *The Military Balance*, 2003-2004, IISS, Oxford, 2003, pp. 66, 73; *Nezavisimoe voennoe obozrenie*, 19 October, 2000, p. 2; *Kommersant*, 16 April, 2002, p. 11.

<sup>5</sup> See: Geneva Conventions of 12 August, 1949...

protected by the Geneva Conventions and their Additional Protocols. But this list is only the tip of the iceberg, and one can only guess how many such crimes have already been committed and will be committed in the future.

In our opinion, in the situation that has taken shape in Nagorno-Karabakh special attention should be paid to the provisions set forth in Part III, Section III of the Fourth Geneva Convention. These provisions deal with occupied territories or, more precisely, regulate the behavior of the "occupying power," that is, the state occupying the territory of another state. These provisions are of great importance in the conditions of an armed conflict involving seizure and occupation of territory. They establish the rights of persons protected by the Convention and the duties of the occupying power toward these persons. Compliance with at least one of these provisions in the occupied territories of the Azerbaijan Republic is out of the question. This is largely because almost the entire protected population, which consisted of ethnic Azeris living in Nagorno-Karabakh and seven adjacent areas, was expelled from its place of residence. In other words, the Armenian occupiers carried out ethnic cleansing. In our view, it is difficult to protect the rights of a population protected by the given Convention if this population has been forcibly transferred from the occupied territories.

## Conflicts in Georgia and IHL

In August 1992, the Abkhaz separatists unleashed an armed conflict with the participation, among others, of groups of mercenaries from the Northern Caucasus, including an Armenian battalion named after Marshal Bagramian. The bloody clashes were brought to a halt only on 27 September, 1993, when a ceasefire was finally achieved after several unsuccessful attempts. By that time, however, the mercenaries had already occupied almost the entire territory of Abkhazia.<sup>6</sup> In 1992, the U.N. Security Council became involved in the solution of this problem at Georgia's request. It recognized the territorial integrity of Georgia, which by that time had already become a member of the United Nations.<sup>7</sup> The U.N. sponsored Geneva process designed to resolve the conflict started in 1993 with the active participation of the OSCE (as an observer) and Russia (as a protecting power).<sup>8</sup> In 1998, the process was joined by Britain, Germany and France. After the signing of an Agreement on a Ceasefire and Separation of Forces, Russia sent its peacekeepers to the Inguri River area (in order to separate the adversaries), and the United Nations extended the mandate of its observers stationed in Abkhazia from 1992.<sup>9</sup> Since then, 200 thousand ethnic Georgians and 100 thousand Georgian citizens of other nationalities expelled from this region have been unable to return to their homes, and the conflict remains frozen.<sup>10</sup> In this situation, there have obviously been repeated violations of the rules of international humanitarian law and human rights. Thus, in the Gali District of Georgia (since the introduction of peacekeepers into this district) about 1,700 local Georgians have died at the hands of Abkhaz separatists. These facts, which are evidence of ethnic cleansing (that is, of a crime against humanity), were condemned by the OSCE's Budapest (1994) and Lisbon (1996) summits.<sup>11</sup>

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<sup>6</sup> See: L. Aleksidze, Propaganda separatistov nakhodit otklik v Moskve [[http://www.abkhazeti.ru/pub/smi/93\\_99\\_99/](http://www.abkhazeti.ru/pub/smi/93_99_99/)], 9 November, 2005.

<sup>7</sup> See: Ibidem.

<sup>8</sup> See: Ibidem.

<sup>9</sup> See: Ibidem.

<sup>10</sup> See: Ibidem.

<sup>11</sup> See: Ibidem.

According to various estimates, the separatists in Abkhazia have 3 to 5 thousand men under arms, 35-50 tanks, 70-86 APC/AIFV and 80-100 artillery systems.<sup>12</sup>

The situation in Georgia is a graphic example of violations of IHL, but in contrast to the situation in Azerbaijan the armed conflict in Georgia is not of an international character. Such situations are regulated by Art 3 of the Fourth Geneva Convention.<sup>13</sup> And although these provisions in point of fact differ little from the general context of the other provisions of this Convention, they nevertheless envisage a special mechanism for regulating armed conflicts of this kind.

The South Ossetian Autonomous Region was established in the territory of Georgia in 1922. In 1989, its Soviet of People's Deputies (at that time the highest representative body of the region) took a decision to raise the region's status to the level of an autonomous republic. Naturally, the Supreme Soviet of the Georgian SSR declared this decision to be unconstitutional, whereupon Tskhinvali, the administrative center of South Ossetia, was blockaded for several months.<sup>14</sup> In 1990, the local parliament proclaimed a Republic of South Ossetia, in response to which the Supreme Soviet of the Georgian S.S.R. abolished the South Ossetian autonomy altogether and divided its territory among the country's other provinces. A state of emergency was declared in the administrative center and in some other parts of South Ossetia. In 1991, South Ossetia was the scene of periodic armed clashes, resulting in a flow of refugees to North Ossetia (Russian Federation). Volunteers from North Ossetia and Cossacks began arriving in South Ossetia.<sup>15</sup> Georgia's armed forces controlled the commanding heights around Tskhinvali and shelled the city, which resulted in heavy casualties and destruction.<sup>16</sup> The signing of the Dagomys Agreements between Russia and Georgia and the entry of peacekeeping forces (consisting of three battalions: Russian, Georgian and Ossetian) into the conflict zone in 1992 put an end to the hostilities.<sup>17</sup> From December 1990 to July 1992, a total of 2 to 4 thousand people lost their lives as a result of the conflict in South Ossetia. At present, the Ossetian armed forces proper number 2,000 men, 5-10 tanks, 30 APC/AIFV and 25 artillery systems.<sup>18</sup>

In 1992-2004, an uneasy truce was maintained in the region, with the territory in question controlled by armed units subordinate to the government of the unrecognized Republic of South Ossetia, and with peace between Ossetian and Georgian population centers maintained by peacekeeping forces under the command of a Russian general.<sup>19</sup>

Another source of tension—this time for the Russian side—was that refugees from South Ossetia settled in North Ossetia began to lay claim to lands in the republic's Prigorodny District, which prior to the deportation of the Ingush in 1944 had belonged to Ingushetia. That led to the Ossetian-Ingush armed conflict in the territory of Russia.<sup>20</sup>

In this case we also find an armed conflict not of an international character. Evidently, the situation here is also conducive to the development of an environment rife with lawlessness and war crimes. The rules to be applied in Abkhazia and South Ossetia are those of Art 3 of the Fourth Geneva Convention, which lists the necessary minimum of provisions to be applied by states in the case of an armed

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<sup>12</sup> See: *The Military Balance*, 2003-2004, pp. 66, 73; *Nezavisimoe voennoe obozrenie*, 19 October, 2000, p. 2; *Kommersant*, 16 April, 2002, p. 11.

<sup>13</sup> See: Geneva Conventions of 12 August, 1949...

<sup>14</sup> See: South Caucasus Regional Security Institute, Research Center for the Development of Georgian-Ossetian Relations [[http://www.scirs.org/ru/geos/article\\_details.php?id=101&cat=History](http://www.scirs.org/ru/geos/article_details.php?id=101&cat=History)], 9 November, 2005.

<sup>15</sup> See: *Ibidem*.

<sup>16</sup> See: *Ibidem*.

<sup>17</sup> See: *Ibidem*.

<sup>18</sup> See: *The Military Balance*, 2003-2004, pp. 66, 73; *Nezavisimoe voennoe obozrenie*, 19 October, 2000, p. 2; *Kommersant*, 16 April, 2002, p. 11.

<sup>19</sup> See: South Caucasus Regional Security Institute...

<sup>20</sup> See: *Ibidem*.

conflict not of an international character. These include prohibition of violence to life and person, hostage taking, outrages upon personal dignity, etc. However, all these provisions have been repeatedly violated by separatists both in Abkhazia and in South Ossetia. Their armed forces are more like armed gangs than liberation forces. This is manifested in attacks on civilians, terrorist acts and other violence. In this case, references to the fact that these “troops” do not belong to any participating state are invalid, because the Convention says that these provisions must be applied by “each Party to the conflict.”<sup>21</sup>

## How to Put IHL Rules into Effect in Conflict Zones

An analysis of the situation in the Central Caucasus inevitably leads to the question of what should be done to improve the situation in areas of armed conflict. In our opinion, the approach to resolving this question should be holistic and should consist of the following measures: implementation of IHL rules in the national legislations of states parties to the conflicts; inspection of conflict zones by appropriate international organizations, primarily the International Committee of the Red Cross (ICRC); and accession of the Central Caucasian states to the Rome Statute of the International Criminal Court or the creation of a special judicial body to deal with crimes in the region.

### *Implementation of IHL Rules in National Legislations*

The first thing to note here is probably the importance of implementing the rules of international humanitarian law in the legislation of these countries, their criminal legislation above all. After all, violations of the Conventions are war crimes and should thus be regulated, in the first place, by the rules of criminal law. In the above-mentioned countries of the Central Caucasus, some IHL rules have already been implemented in criminal legislation. But analysis shows a great many flaws and inaccuracies, and sometimes even discrepancies with the Conventions. All of this has a negative effect on the quality of regulation of the given legal relations. However, even partial implementation of these rules in the Central Caucasian countries is undoubtedly a positive factor.

The next step to be taken is to bring the implemented rules into operation, to create appropriate mechanisms that would guarantee the application of these rules in certain situations. These mechanisms should include a system of state agencies, officials and their powers in the field of application of the implemented rules of international humanitarian law. After that it is necessary to specify the subjects responsible for their application, because otherwise the implementation as such will prove to be senseless, and the rules “dead.” If these mechanisms can be made to work in accordance with international standards, we will obtain an excellent system for regulating relations in the field of international humanitarian law.

The first of the above measures will not be particularly difficult for the states, because the rules of international humanitarian law are systematized and clearly formulated in the Geneva Conventions

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<sup>21</sup> See: Geneva Conventions of 12 August 1949...

and their Additional Protocols. The difficulty lies in translating them into practice. The weak point of international humanitarian law is that it does not provide for an institution of responsibility for the violation of these rules. It turns out that once the states parties to the Conventions implement these rules in their national legislation, they are entitled to regulate responsibility for their observance as they see fit. This naturally complicates their realization, because without a unified institution of responsibility it is impossible to ensure strict compliance with IHL rules. On the other hand, even in the absence of such a unified institution the states can, given a certain amount of effort, put these rules into effect through their own national legislations. For example, based on world experience, an important step to be taken by the states parties to the Conventions is to revise their military doctrines. Thus, Germany has revised its field manuals, and Belgium has set up a law of war department at the general staff of its armed forces, with employees of this department assigned as legal advisers to the main headquarters of the three armed services, the medical service and large formations. As an integral part of the general staff, these officers are entitled to advise commanders on the application of the law of war and on the planning and conduct of operations, and also help disseminate knowledge about international humanitarian law. Such specialists have been trained at special law of war courses at the Royal Defense College since 1988.

At the same time, some European scholars believe that in order to carry out the provisions of Art 82 of Protocol 1 it is enough to have military commanders with a deep knowledge of the law of war.<sup>22</sup> In addition, according to N.G. Aliev, compliance with the Conventions would be promoted by efforts to acquaint the population with their content, and also by a study of humanitarian law at military and civilian educational institutions.<sup>23</sup> In Switzerland, for example, a number of manuals and instructions have been developed for the command staff of the armed forces based on a law adopted in 1987, and a program has been approved for training the country's servicemen in the law of war.<sup>24</sup>

### ***ICRC Activities in Conflict Zones***

Among the international organizations operating in areas of conflict in the Central Caucasus, one could single out the OSCE, the Office of the U.N. High Commissioner for Refugees and the International Committee of the Red Cross. As regards the ICRC, it has been working in Azerbaijan in connection with the Nagorno-Karabakh conflict since 1992, focusing on the problems of missing persons, persons detained in relation to the conflict, and vulnerable groups of detainees.<sup>25</sup> For these purposes, ICRC representatives make inspection tours of Armenian-occupied Azerbaijani territories, assist the authorities in fighting tuberculosis in places of detention, and promote the implementation of IHL at the national level and its integration into the training of the armed and security forces and into university and school curricula.<sup>26</sup> Of historical importance was the ICRC's assistance in organizing the first ever translation and publication (in 1999) in Azerbaijani of the 1949 Geneva Conventions

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<sup>22</sup> See: D.Guillemet, "Yuridicheskie sovetniki v vooruzhennykh silakh," in: Yuridicheskie sovetniki v vooruzhennykh silakh, MKKK, Moscow, 1999, pp. 7-37.

<sup>23</sup> See: N.G. Aliev, *Problemy voennogo prava Azerbaidzhana*, Azerneshr, Baku, 1999, p. 147.

<sup>24</sup> See: Iu.Iu. Sokovykh, "Realizatsia mezhdunarodnogo gumanitarnogo prava v natsional'nom zakonodatel'stve Rossii," *Gosudarstvo i pravo*, No. 9, 1997, p. 10.

<sup>25</sup> See: "MKKK v Azerbaidzhane" [[http://www.icrc.org/Web%5Crus%5Csiterus0.nsf/htmlall/azerbaidjan?OpenDocument&style=custo\\_morenews](http://www.icrc.org/Web%5Crus%5Csiterus0.nsf/htmlall/azerbaidjan?OpenDocument&style=custo_morenews)], 9 November, 2005.

<sup>26</sup> See: Ibidem.

and their two Additional Protocols.<sup>27</sup> The ICRC also assists the country's health care agencies (in providing prosthetic services). In the Nagorno-Karabakh region of the Azerbaijan Republic, it supports institutions providing primary medical care and builds safe playgrounds for children free of mines and unexploded ordnance.<sup>28</sup>

In Georgia, where the ICRC has also been operating since 1992, it seeks to protect and help internally displaced persons, the needy in Western Georgia, and also socially unprotected groups of the population in Abkhazia.<sup>29</sup> In the Gali District, where the danger of a conflict still exists, the ICRC assists emergency surgical and blood transfusion services.<sup>30</sup> Throughout the country's territory, ICRC representatives visit detainees and cooperate with the authorities in fighting tuberculosis in detention centers. In order to ensure constant access to medical services in the sphere of physical rehabilitation, ICRC employees jointly with local partners have been working to hand over the management of the Tbilisi prosthetic/orthotic center to an independent local foundation.<sup>31</sup> In Abkhazia, ICRC representatives help the local authorities to ensure the operation of a prosthetic/orthotic facility in Gagra, to implement international humanitarian law at the national level, and to incorporate it into programs for training armed and security forces and into university and secondary school curricula.<sup>32</sup>

In spite of the ICRC's efforts over many years to improve the situation in the Central Caucasus, far from all of the set goals have been achieved. Thus, there are numerous problems relating to violations of IHL rules and organization of visits to conflict zones. In particular, the issue of bringing to justice those who violate IHL rules is high on the agenda. And this brings us to the topic of the Rome Statute of the International Criminal Court.

***Accession of the Central Caucasian Countries  
to the Rome Statute of  
the International Criminal Court  
or Establishment of a Special Judicial Body  
to Deal with Crimes in the Region***

The Statute of the International Criminal Court (Rome Statute) is a unique international legal act which established this international body and determined the range of crimes within its jurisdiction, the procedures for their investigation, criminal prosecution and trial, for appeal and review of its decisions, etc.

The importance of getting the Central Caucasian states to sign and ratify this document is hard to overestimate. When the International Criminal Court begins to operate in the Central Caucasus, this will provide a real opportunity for putting into effect the rules of international humanitarian law in the region, because under Art 8 of the Rome Statute its jurisdiction extends to war crimes (including grave breaches of the 1949 Geneva Conventions). This will make it possible to remedy the major shortcoming of the Geneva Conventions: the extreme difficulty of translating their provisions into practice.

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<sup>27</sup> See: *1949-su il 12 avgust tarikhli Senevria Konvensiialary via onlara Yalavia Protokollar*. Introduction by Namiq Aliyev, Baku, 1999, 392 pp.

<sup>28</sup> See: "MKKK v Azerbaidzhane."

<sup>29</sup> See: "MKKK v Gruzii" [<http://www.icrc.org/Web/rus/siterus0.nsf/htmlall/georgia>], 9 November, 2005.

<sup>30</sup> See: *Ibidem*.

<sup>31</sup> See: *Ibidem*.

<sup>32</sup> See: *Ibidem*.

At the same time, it is not easy to get the states to accede to the Rome Statute and to bring it into force in their territories. Its national implementation is considerably complicated by possible conflicts with the national legislations of these states. In particular, Art 120 of the Rome Statute is “conducive” to such a state of affairs, since it rules out the possibility of the Statute’s implementation in part and not in full or of excluding some provisions (“No reservation may be made to this Statute”). In principle this is right, because otherwise this document would lose its significance, cancelling out all the strenuous efforts to reach a compromise between states that finally resulted in the Rome Statute.

Concrete problems relate to the following aspects: immunity of persons holding official positions; the states’ obligation to surrender their citizens to the Court at its request; the possibility of the Court passing life sentences; use of the prerogative of pardon; compliance with requests made by the Court’s prosecutor; amnesties declared in accordance with national law or in view of the existence of a national statute of limitations; the fact that persons appearing before the Court will be tried by a panel of three judges and not by a jury, etc.

That is why, in our opinion, the optimal way to implement the provisions of the Rome Statute in national legislation would be as follows: to ensure the existence of all substantive and procedural rules required to implement the Statute; to adopt a single normative act covering all the problems of implementation; and to adapt national legislation for implementation of the Statute to the maximum extent (make the necessary amendments, review the general legal doctrine, etc.).

On the other hand, it will take a long time to create all the necessary conditions for ratifying and implementing the Rome Statute in the Central Caucasus. That is why, in our opinion, it would make sense to create in the Central Caucasus (however incredible this may seem) a judicial body alternative to the Rome Statute that would be vested with powers similar to those of the International Criminal Court, but with jurisdiction only over the countries of the region. Such a body should be created based on the experience of the Rome Statute and should be ratified by all the states of the Central Caucasus. Naturally, it should be a temporary body, operating only until all the conflicts in the region are resolved (and there is no longer any need for it) or until the Rome Statute is ratified by these states and enters into force in their territories (since two bodies with the same powers cannot exist parallel to each other).

## *C o n c l u s i o n*

As we see from the above, the effect of IHL rules for the Central Caucasus countries is difficult to overestimate. What is necessary here is full and accurate implementation of these rules in national legislation followed by efforts to put them into effect in these countries. This will alleviate the sufferings of the population involved in the aforesaid conflicts, limit the possibility of arbitrary rule in conflict areas and promote a peaceful resolution of these conflicts, so helping to restore justice in the region.



# SAMTSKHE-JAVAKHETIA: WHAT WILL HAPPEN AFTER RUSSIA WITHDRAWS ITS MILITARY BASES FROM GEORGIA

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

On 30 May, 2005, high-ranking representatives from Moscow and Tbilisi signed a statement essentially signifying that an agreement had been reached on precise dates for Russia to begin withdrawing its military bases from Georgia. This document states that the Russian military bases in Batumi and Akhalkalaki will cease their designated activity and begin functioning under withdrawal conditions from the moment this statement is signed. Their withdrawal should be completed in 2008.<sup>1</sup> This process, the schedule for which, according to both sides, is currently being fully observed in keeping with the agreement they have reached, could create certain threats to the physical safety of the Armenian res-

idents of Samtskhe-Javakhetia (if alternative ways to ensure their safety are not found),<sup>2</sup> as well as give rise to a new situation in the South Caucasian regional security system.

What is more, the withdrawal of the 62nd Russian military base from the administrative center of Javakhk throughout 2005 set off certain political processes in this region, the danger of escalation of which required the joint participation of the Georgian and Armenian authorities in an attempt to resolve the urgent problems there. This element of Armenian-Georgian interstate relations is also extremely significant when reviewing the prospects for regional stability in the Southern Caucasus.

<sup>1</sup> See: Joint statement of the foreign ministers of the Russian Federation and Georgia [www.mid.ru], 30 May, 2005.

<sup>2</sup> For more detail, see: S. Minasian, "The Socioeconomic and Political Situation in Javakhetia," *Central Asia and the Caucasus*, No. 3 (33), 2005.

## How the Process Began

According to the latest statements by official Moscow representatives, the Russian Federation has fully carried out the obligations it assumed in 2005 with respect to transferring several installa-

tions of the Russian Troop Group in the Southern Caucasus (RTGSC) to Georgia and withdrawing some of the military hardware and arms from the bases in Batumi and Akhalkalaki. For example, in particular, an underground command point and RTGSC settlement in the Mtskheta District (the so-called Zvezda service module) located 20 km from Tbilisi have been transferred. This unique facility, the bunker of which is capable of fending off not only direct bombings, but also nuclear strikes, was built as early as Soviet times (in 1959-1969) and was intended for housing the headquarters of the then Red Banner Transcaucasian Military District during wartime.<sup>3</sup> According to the head command of the Russian Federation Ground Forces, a total of 13 military installations were transferred to Georgia during this period. They include the 142nd armored repair factory, the dormitory of the RTGSC military council in the settlement of Krtsanisi, fuel and lubricant warehouses in Kumisi and Nasosnaia, an army club sports base, the underground Zvezda service module already mentioned, and a data-relay satellite system in Kojori (a suburb of the capital) deployed at the Tbilisi garrison (the bunker in Mtskheta also belongs to this garrison). The Voentorg base and dug-in division command point in the village of Vachiani have been transferred from the Akhalkalaki garrison, and army food storehouses, four residential settlements, and the testing ground in Gonio (8 km from Batumi) from the Batumi garrison. Before September, 20 T-72 tanks, 12 Cube surface-to-air missile systems, 3 Shilka ZSU-23-4 self-propelled anti-aircraft artillery guns, and five armored reconnaissance vehicles were transported to Novorosiisk by sea from Batumi on landing ships of the Black Sea Fleet. In keeping with the agreement, another 53 vehicles and 42 trailers were traveling independently by road to the Russian Federation. Several units of wheeled hardware have also been transported from the 62nd Akhalkalaki base to the 102nd Russian base in Giumri (Armenia). Means of chemical protection, surface-to-air missiles, and other weapons and equipment have been sent there by rail from the 12th base (Batumi). Transfer of most of the heavy hardware should begin around April 2006. What is more, there are plans to send several motor convoys from the bases in Batumi and Akhalkalaki to Russia via the Georgian Military Road before the end of 2005.<sup>4</sup>

After withdrawal of the Russian bases from Georgia, the 102nd base deployed in Giumri will essentially be the only combat-ready Russian installation with a specific legal status in the Southern Caucasus (apart from the Gabala radar station in Azerbaijan called upon to maintain control over the launching of missiles in the Indian Ocean, but this is a special case). If the equipping and military transit of the Russian military base in Armenia is to depend entirely on the will of official Tbilisi (taking into account its very obvious orientation toward Washington and Brussels), this gives rise to doubts about the prospects and even expediency of Moscow's continued military presence in the region. The withdrawal of military bases from Georgia could pose a serious threat to Russian-Armenian military cooperation because the integrated air defense system in the southerly direction will be violated, since many command points of the Russian air defense system deployed in the region since as early as Soviet times are located on Georgian territory. This will lead to a significant reduction in control over the air space in the Southern Caucasus and a decrease in the efficiency of Armenia's air defense, which is correlated with the Russian air defense system of the North Caucasian Military District.<sup>5</sup>

But this is only the beginning. As Georgian military expert Irakli Aladashvili notes, the closing of the above-mentioned bases could create serious problems not only with supplying Russian military installations in Armenia, but also with military transit to this republic, which is a very active member

<sup>3</sup> See: Iu. Gavrilov. "Iaderny bunker dlia Saakashvili: gruzinskie voennye poluchili v svoe rasporiazhenie rossiiskii sekretny obiekt," *Rossiiskaia gazeta*, 7 September, 2005.

<sup>4</sup> See: S. Minasian. "Kavkazskii transit: Tbilisi khochet vziat pod svoi kontrol voennye kommunikatsii rossiiskikh voisk," *Voenna-promyshlennyi kurier*, No. 37 (104), 5-11 October, 2005.

<sup>5</sup> Ibidem.

of the Collective Security Treaty Organization (CSTO). In particular, in the event of a crisis situation (for example, if hostilities with Azerbaijan resume), it may be impossible for the CSTO allies to supply the Republic of Armenia with weapons and hardware. In this situation, Georgia “will try to prevent any additional delivery of Russian arms through its territory” and maintain “neutrality.”<sup>6</sup> Although it goes without saying that in this case Georgia will no longer be seen objectively as a neutral state, since it will be creating a complete blockade, primarily to deprive Armenia of access to the sea. Armenia has been denied this access for more than 10 years now anyway by Turkey and Azerbaijan.

Nevertheless, another very important aspect should be mentioned. Some Tbilisi experts are still claiming that even after withdrawal of the Russian bases, the Russian Federation and the population “which sympathizes with it” in the former Georgian autonomies and in other territories densely populated by ethnic minorities will continue to pose a threat to Georgia’s national security. In particular, Alexander Rusetsky, who works at the Analytical Center for Security Affairs of the South Caucasus Institute of Regional Security (SCIRS), notes: “Russia’s influence in the Southern Caucasus is waning, but its presence (including military) in Georgia is inevitable in the near future and may only come to an end in the event of a bloody war and the total destruction or ousting of pro-Russian political groups and the citizens who support them, primarily out of Abkhazia, the former South Ossetian Autonomous Region, and Samtskhe-Javakhetia. And it is unlikely this will occur as innocuously as it did in Ajaria in May 2004.”<sup>7</sup> It is very possible that after these bases have been completely withdrawn, official Tbilisi will raise the question of putting an end to the presence of the Russian peacekeepers in South Ossetia and Abkhazia, as well as of the “neutralization” of the Armenian “political groups and the citizens who support them” in Javakhetia.

As for the first aspect, the Georgian authorities have already taken specific steps and put forward an initiative about the withdrawal of the Russian peacekeepers from South Ossetia and Abkhazia. And as for the situation in Samtskhe-Javakhetia, official Tbilisi is unlikely to share Alexander Rusetsky’s opinion. The country’s administration is making loud statements about its willingness to resolve the political and socioeconomic problems facing the local Armenian population. But if after the withdrawal of the 62nd Russian military base in Akhalkalaki, Georgia takes some forceful action aimed against the Armenian political groups and movements (particularly in light of the political processes going on recently in the region and the demands of the local population for broader self-government), it could become a serious threat to the prospects for South Caucasian regional security. After all, official Erevan will not remain impartial to the fate of its fellow countrymen living in Javakhetia.

## **Political Processes in Samtskhe-Javakhetia: Demands for Autonomy and Official Tbilisi’s Old Techniques**

After the events of March 2005<sup>8</sup> (mass protest acts and demonstrations by the Armenian population against the withdrawal of the 62nd Russian base), experts predicted that in order to establish

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<sup>6</sup> “Zakrytie rossiiskoi bazy v Gruzii meniaet strategicheskii balans,” *Kavkazskii informatsionny ezhenedelnik*, IWPR, No. 293-296, June-July 2005.

<sup>7</sup> A. Rusetsky, “Protseess vyvoda rossiiskikh baz—ugroza natsionalnoi bezopasnotsi Gruzii?” [www.pankisi.info], 7 September, 2005.

<sup>8</sup> See: G. Hokobyan, Large Demonstration in Javakhetia Marks Increased Tensions // *Central Asia — Caucasus Analyst*, Vol. 6, No. 7, 6 April, 2005.

more effective control and reduce tension in Javakhetia, official Tbilisi might take a “new approach” which differed slightly from the methods used at one time there by Eduard Shevardnadze. Whereas he placed the stakes on fomenting controversy between the two main political and economic groups of Javakhetia, some national experts and government representatives believed that the country’s leadership was ready to go for an abrupt change in political elite in this Armenian-populated region by replacing it with young local officials who had received an accelerated education in Tbilisi and been hastily promoted to the main ruling posts in the Akhalkalaki and Ninotsminda districts. But in reality, the new situation proved to be little different from the previous: the Georgian government is still putting its stakes on fomenting controversy between the political groups of Javakhetia. Consequently, it can be said that the policy of Mikhail Saakashvili’s government toward Javakhetia is a direct continuation of the “divide and rule” method used by official Tbilisi as early as Shevardnadze’s era. What is even worse, due to the patronage of the central authorities, in Samtskhe-Javakhetia and several contiguous regions populated by Armenians, incidents of discrimination are continuing and the rights of national minorities still violated.<sup>9</sup>

For example, on 27 June, 2005, in the Greek village of Goleank in the Tsalka District (which borders on the Ninotsminda District of Samtskhe-Javakhetia), members of a special contingent of the Georgian Interior Ministry opened fire with machineguns and severely wounded a resident of the Armenian village of Kyzylkilis (he was rushed to a hospital in Tbilisi).<sup>10</sup> These contingents were brought into the region by a decision of the central authorities in 2004, when as a result of the conflicts between the Armenians and the Greeks living in the Tsalka District, on the one side, and the Ajarians who have moved there in recent years, on the other, a tense situation arose. But, as it turned out, the Georgian special forces could not maintain an impartial position, and, taking advantage of the powers they were given, began to use force. In particular, they even brutally beat up Aika Melitonian, a parliamentary deputy from Tsalka.<sup>11</sup>

Another incident took place in July 2005 in the village of Samsar in the Akhalkalaki District, where local residents expressed their discontent about the actions of a group of Georgian students, priests, and nuns, who with the connivance of the gubernatorial authorities forced their way onto the grounds of the village’s Armenian church, destroyed several khachkars (stone crosses), and tried to get into the church sanctuary. The local residents, after blocking up the entrance with stones, prevented them from breaking into the church. Only police intervention helped to prevent an open clash.<sup>12</sup>

The euphoria aroused by the Rose Revolution and bloodless restoration of official Tbilisi’s control over Ajaria generated the illusion among certain members of the country’s ruling elite that national minorities could be forcibly integrated into Georgian society and that they could carry out the same methods in Samtskhe-Javakhetia. But after several conflicts generated by the authorities, the local residents only became more convinced that the real goal of the Georgian political elite was in no way to resolve Javakhetia’s mounting problems and the evolutionary involvement of the Armenian minority in the economic and sociopolitical life of the state, but to completely oust or assimilate the non-Georgian ethnic element.

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<sup>9</sup> See: S. Minasian, “The Sociopolitical and Political Situation in Javakhetia Today,” *21-i vek* (information and analytical journal of the Noravank Foundation), No. 1, 2005, pp. 66-71 (in Armenian); Sturm shkoly i izbienie uchenikov armianskoi shkoly v Gruzii: podrobnosti [www.regnum.ru], 8 July, 2005.

<sup>10</sup> See: “Gruzinski spetsnaz ‘dal poshchechinu vsem armianam i natsmenshinstvam Gruzii’” [www.regnum.ru], 30 July, 2005.

<sup>11</sup> See: “Gruzinski spetsnaz izbil deputata armianskoi national’nosti [www.regnum.ru], 6 May, 2005.

<sup>12</sup> See: “V Samtskhe-Javakheti (Gruzia) pereosviashchena armianskaia tserkov Sv. Bogoroditsy” [www.regnum.ru], 3 August, 2005.

Against the background of such incidents, some political parties and movements began to join forces and put forward political initiatives they felt could prevent a negative development of events in Javakhetia. On 23-24 September, 2005 in Akhalkalaki (the region's administrative center), the Third Sociopolitical Initiative Conference "Integration, Not Assimilation" on the topic "Javakhk's status in the State Structure of Georgia" was held. The two previous conferences held within the framework of this initiative were devoted to the socioeconomic situation in the region (11 December, 2004), as well as to questions of culture and education (2 April, 2005). At the last one, an address to the country's leadership was adopted which contained an appeal to grant the region of Samtskhe-Javakhetia (within its current administrative borders) and contiguous population points of Kvemo-Kartli, where most of the residents are also Armenians, the status of an autonomous federal constituency of Georgia with broad self-government powers, including the right for the local population to elect all local self-government bodies, as well as make the Armenian language the second official language in the region.<sup>13</sup>

The attempts by official Tbilisi to ignore the decisions of the two previous conferences is one of the reasons why the organizers of the conference on 23-24 September were forced to couch their demands to the country's authorities on political issues in more concise terms. Whereby, like all the previous initiatives, the present one fully corresponds to current Georgian legislation, basic democratic principles, and the rights and freedoms of national minorities (in harmony with current international and European standards). Along with this, such radical steps by Javakhkian society were prompted by the difficult economic and political situation that has developed in the region in recent years, as well as by the not entirely sincere, and superficial measures of the Georgian leadership to improve it and carry out corresponding reforms and implement economic rehabilitation programs in the area. What is more, after the Rose Revolution and advent of the new government headed by Mikhail Saakashvili, instances of discrimination by the country's leaders against Armenians for national reasons, as well as other instances, have become more frequent in Javakhetia.<sup>14</sup> (Incidentally, a very similar situation is also developing in the eastern regions of Georgia populated mainly by Azeris, particularly in Kvemo-Kartli).

Nevertheless, the sociopolitical forces in Javakhk are still hoping to hold a political dialog with the authorities to find a compromise solution to the problem of granting the territory its autonomy. For example, on 16 November in Akhalkalaki, there was a regular plenary session of the Council of Armenian Public Organizations of Samtskhe-Javakhetia, during which the question was discussed of gathering signatures to put forward a legislative initiative based on the above-mentioned resolution of the Council conference held on 23-24 September, 2005. In particular, the Council made a decision, before gathering signatures, to inform the country's parliamentary speaker Nino Burjanadze about its initiative. (What is more, it was suggested that parliamentary hearings be held to discuss granting Javakhk the status of an autonomy and federal constituency of Georgia, thus dispensing with the need to gather signatures.) The suggestion to organize a meeting to discuss this question with Nino Burjanadze was supported at the conference. But the country's leaders still have no intention of discussing this initiative.

The leadership's unwillingness to take the opinion and rights of national minorities into account in its policy is also made clear by the new draft law on local self-government, which not only does not envisage greater decentralization, but could even deprive the regions of a minimum level of self-government.<sup>15</sup> What is more, official Tbilisi refuses to accept most of the recommendations of the Vene-

<sup>13</sup> See: "Armiane Samtskhe-Javakheti zaiavili o shirokoi avtonomni (Gruzia)" [www.regnum.ru], 26 September, 2005; Iu. Simonian, "Armiane Javakhetii trebuiut avtonomni," *Nezavisimaia gazeta*, 26 September, 2005.

<sup>14</sup> See: S. Minasian, "The Socioeconomic and Political Situation in Javakhetia," pp. 144-149.

<sup>15</sup> See: N. Khutsidze, "Reforma samoupravleniia na politicheskoi povestke [www.civil.ge], 4 November, 2005.

tian Commission, as well as of several other international organizations, which clearly indicate that the country should observe the obligations it assumed to decentralize power, encourage local self-government, and protect the rights and freedoms of national minorities. Whereby this is manifested not only with respect to regions with a predominant Armenian or Azerbaijani population. It is enough to recall the actions of the Georgian leaders to reduce Ajaria's autonomy to essentially nil after Aslan Abashidze was expelled from the republic.

Hoping to draw support from the European community, in the fall of 2004, the Council of Sociopolitical Organizations of Samtskhe-Javakhetia asked the PACE Monitoring Commission to take heed of Georgia's non-fulfillment of the many obligations it assumed when it entered this organization (in particular, ratification of the Framework Convention of the Council of Europe in Defense of National Minorities, which was talked about as early as 1995), which was interfering with an adequate perception of official Tbilisi's policy. Incidentally, this explains why its European partners, clearly recognizing all the negative consequences of violating the rights of national minorities in the country for Georgia's normal development and stability, included ratification of this convention and other relevant European documents as a necessary condition for implementing the Individual Partnership Action Plan (IPAP) with NATO. And only after that did Georgia ratify this convention in October 2005. Admittedly, things still have not gone as far as granting regions densely populated by national minorities the opportunity to carry out real self-government.

Unfortunately, the country's national political elite and its expert-analyst community are still not ready to take this step. The ethno-national trauma suffered by post-Soviet Georgia during the first half of the 1990s is still taking its toll. After losing two of its former autonomies (Abkhazia and South Ossetia) as the result of the bloody conflicts, Georgian society is unable to soften its attitude toward other regions densely populated by national minorities—Samtskhe-Javakhetia and Kvemo-Kartli. This is precisely why the hopes of the Armenians of Javakhetia for an improvement in the region's socioeconomic and political situation are not being justified, despite the many formal and declarative statements official Tbilisi made after the Rose Revolution. The methods being used by the new Georgian government are reminiscent of the policy of Eduard Shevardnadze's era. The local Armenian population also fears for its physical safety, especially since there are no alternative mechanisms for ensuring it after the 62nd Russian military base is completely withdrawn from Akhalkalaki.

The unwillingness of the Georgian authorities and political elite to reach compromises with the national minorities living in the country was confirmed in particular by the clash between the city's residents and employees of the Georgian power structures. This happened on 5 October, 2005 in Akhalkalaki.<sup>16</sup> The incident was evaluated as an attempt by Tbilisi to exert pressure on the local population after they put forward their demands for autonomy. Incidentally, the dynamics of the political processes in Samtskhe-Javakhetia are not yet prompting more serious incidents (if of course the authorities do not instigate them to resolve their own problems). Armenia is playing the part of a deterrent here by striving to alleviate the political demands of the Javakhetian Armenians, on the one hand, and preventing official Tbilisi from taking any rash steps in the region, on the other. The Georgian political elite recognizes this, but nevertheless exaggerates the real influence of the 62nd Russian military base deployed in Akhalkalaki on the political processes in the region. In the words of David Berdzenishvili, a leader of the Georgian Republican Party and parliament member, "Javakhetia is not Tbilisi, and Moscow and Erevan are the main political players."<sup>17</sup> Nevertheless, im-

<sup>16</sup> See: "V Akhalkalaki proizoshel intsident mezhdru politsei i mestnym naseleniem [www.newsgeorgia.ru], 6 October, 2005.

<sup>17</sup> D. Berdzenishvili, "Glavnaia vnutrennaia problema Gruzii," in: *Diaspora, neft i rozy: chem zhivut strany Yuzhnogo Kavkaza*, Erevan, 2005, p. 157.

mediately after the incident on 5 October, 2005, adviser to the Armenian president on national security Garnik Isagulian said: "The Georgian authorities should be extremely cautious and attentive in their actions, since even the slightest provocation could escalate into widespread clashes."<sup>18</sup> What is more, he stressed that foreign forces are not involved in the incidents in the region.<sup>19</sup> So an important stabilizing factor in Javakhk should be cooperation between Georgia and Armenia aimed, in addition to everything else, at resolving the acute socioeconomic and political problems of this region.

## The Javakhk Problem in Armenian-Georgian Interstate Relations

Ignoring this problem could essentially have a negative effect on Armenian-Georgian interstate relations, while its successful resolution will promote extensive and stable development of their bilateral relations in the spirit of good-neighborly sentiments and close cooperation. The problems facing Armenians living in other regions of Georgia, as well as related issues pertaining to the preservation of the Armenian historical, cultural, and architectural heritage in this country are just as important. But these issues have become aggravated again, particularly in recent months when several members of the Georgian Orthodox Church tried to seize a number of Armenian churches, for example the Norashen church<sup>20</sup> located in the very center of Tbilisi, and the church in the village of Samsar in the Akhalkalaki District. On the whole, history has always been (and still is) a vital political factor in the Caucasus, so disputes about the cultural heritage of the Armenians in present-day Georgia play a very prominent role in Armenian-Georgian relations at all levels, from everyday to interstate.

The opinion is currently circulating in certain circles of Georgian politicians that Armenia is not putting sufficient restraints on the "separatist sentiments" which have supposedly appeared in the Javakhk Region. But official Erevan has often tried to explain to Tbilisi at the highest level that undermining its statehood has never been (and will never be) in the interests of Armenia or of the Armenian part of Georgia's population. Of course, Armenia is demanding that the population of Javakhk have sufficient guarantee of its safety, socioeconomic development, local self-government, and preservation of the Armenian culture, language, and education. But these very modest and natural demands do not contradict the fundamental goals of Georgia and its statehood. What is more, many people in Erevan do not understand post-Soviet Tbilisi's excessively "jaundiced" attitude toward all of Armenia's initiatives to stabilize the sociopolitical and economic situation in Javakhk. Nor can it be understood why Tbilisi is just as "jaundiced" toward all the actions and suggestions from the Armenian diaspora with respect to implementing economic projects, particularly since their aim is to stimulate the region's socioeconomic rehabilitation. All of these factors must be kept in mind when analyzing the problem of Javakhk in Armenian-Georgian interstate relations.

After the mass demonstrations of the Javakhkian Armenians against the withdrawal of Russian bases from Georgia (13 and 31 March, 2005), Mikhail Saakashvili invited the Armenian president to

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<sup>18</sup> "Ofitsial'ny predstavitel Erevana prizyvaet Tbilisi k ostorozhnosti v Samskhe-Javakheti" [www.civil.ge], 10 October, 2005.

<sup>19</sup> See: "Rossiiskie spetssluzhby ne prichastny k intsidentam v Samskhe-Javakheti" [www.regnum.ru], 8 October, 2005.

<sup>20</sup> See: "Mikhail Saakashvili voznamerilsia 'polnostiu pokonchit s armianskim kul'turnym sloem'" [www.regnum.ru], 22 April, 2005.

visit Georgia (3-4 April). Its results (although they were essentially not publicized) had an important impact on the further development of events in the region and on the dynamics of Armenian-Georgian interstate relations. As informed sources testify, both sides held on tightly to their own viewpoints, but in general heard what they wanted to hear from their counterparts. President Robert Kocharian assured official Tbilisi that the withdrawal of the Russian bases was Georgia's internal affair, that is, Armenia did not intend to interfere in this process. What is more, the Georgian authorities stated that they were planning to implement an economic rehabilitation program in Samtskhe-Javakhetia and (which is also very important) would help to establish cooperation in this respect between the corresponding departments of both countries. According to several Russian experts, Robert Kocharian's visit to Georgia also helped to make Moscow more conciliatory in the talks with Tbilisi about withdrawing its bases, since the Russian Federation was expecting that the situation may be aggravated due to the Javakhetian Armenians and even official Erevan being drawn into this process.

During this meeting between the presidents, which was followed by several reciprocal visits of these heads of state (on 21-22 August Robert Kocharian and Mikhail Saakashvili met again in an unofficial setting, this time in Armenia at Sevan Lake), an agreement was also reached about a joint trip to Samtskhe-Javakhetia by the prime ministers of these countries, Andranik Markarian and Zurab Nogaideli, which clearly signaled an increase in trust in the interstate relations between Armenia and Georgia (on 24 July, 2005, the prime ministers met on the Georgian-Armenian border). As expected, the urgent problems faced by this region and the possibilities of resolving them with the assistance of the Armenian government were discussed during this meeting. "We will look at several questions of economic cooperation between our states, we will mainly discuss how to jointly develop this region too," the Georgian prime minister told journalists. He emphasized that Samtskhe-Javakhetia was in need of an improved transportation infrastructure, and that the Georgian and Armenian governments would work together toward this end. "We need to develop roads and create possibilities for economic development. We will do that quite quickly. In the next three to four years, this region will be unrecognizable," said Nogaideli.<sup>21</sup> Then the prime ministers went to the village of Gandza where they visited the museum of Armenian poet Vaan Terian, a church, and a school which was being built. They also participated in a ceremony devoted to the 120th anniversary of Vaan Terian. What is more, they went to Ninotsminda and Akhalkalaki, where they met with the local population and visited the Armenian church in the town of Akhalkalaki and the church complex of Vardzia (on the banks of the River Kura).<sup>22</sup> This visit was important in that, compared to all the previous ones, it took place after the large-scale and serious events going on in this region over the past few months, which could have a significant impact not only on the development of the overall geopolitical situation in the Southern Caucasus, but also on the prospects for the relations between Armenia and Georgia, including in the context of the situation which is developing with respect to the withdrawal of the 62nd military base from Akhalkalaki and the Javakhetian Armenians' reaction to this.

Two months later, on 29-30 September, a very representative delegation from Georgia visited Erevan headed by Georgian Prime Minister Zurab Nogaideli. During this meeting, there were plans to hold a regular (fourth) meeting of the intergovernmental commission on economic cooperation, that is, it was not prompted by the events in Javakhetia, but merely coincided time-wise with the above-mentioned initiatives by the region's Armenian sociopolitical organizations about granting autonomy. So it is very natural that during the talks between the Georgian premier, Andranik Markarian, and his Armenian colleague, President Robert Kocharian, an important place went to discussing problems related to the development of the situation in Javakhetia.

<sup>21</sup> "Premier-ministr Gruzii obeshchaet sdelat region Javakhetii neuznavaemym" [www.regnum.ru], 24 July, 2005.

<sup>22</sup> See: "Premier-ministry Gruzii i Armenii vstretilis na gruzino-armianskoi granitse" [www.regnum.ru], 24 July, 2005.



The 23-24 September, 2005 initiatives by the Council of Sociopolitical Organizations of Samtskhe-Javakhetia aroused a feeble, but nevertheless negative reaction among the Georgian authorities, expert circles, and mass media. But the problem is that official Tbilisi's attempts to ignore the processes going on in the region should in some way be correlated to the permanent practice of consultations established in the post-Soviet period with Erevan for smoothing out problem situations in Javakhk. As early as the first years of Georgia's independence, particularly following Eduard Shevardnadze's "reign," the country's leadership was forced to resort to intercession by its Armenian colleagues in order to achieve advantageous results in relations with the residents of this region. This also applied to support by its Armenian residents of Shevardnadze's ruling party at the parliamentary and presidential elections and containment of the demands put forward by several local sociopolitical organizations on federalization or improvement of the socioeconomic situation in Javakhk, and so on. And the new Georgian government, which came to power as a result of the Rose Revolution, was forced to inherit this approach from the previous regime in order in some way to "rectify" the development of the sociopolitical processes in Javakhk. Under conditions where the political parties essentially had no support from the population and society of Javakhk and official Tbilisi evaluated influential local organizations as not entirely loyal or too radical, the country's leadership could rely only on help and understanding from official Erevan, which for very understandable reasons also enjoyed great prestige among the residents of this region. In other words, Tbilisi was interested to a certain extent in reinforcing the practice of Erevan's "allied control" over the situation and processes in Javakhk.

Based on this, the evaluations of the latest political initiatives by the region's Armenian members of society promulgated at the joint press conference of the prime ministers of Georgia and Armenia on 29 September, 2005 proved extremely predictable. According to Zurab Nogaideli, "the public organizations demanding the status of an autonomy for Javakhetia constitute only a small percentage of the territory's population, which does not realistically represent all of its residents." Prime Minister Markarian, who supported his Georgian colleague, said: "I do not think such a question exists, but it is raised every time someone finds it necessary."<sup>23</sup> Although it stands to reason that the statements made during the press conference were clarified somewhat in private talks, and that both sides reached certain unpublicized agreements about the situation in Samtskhe-Javakhetia. The reaction of the heads of government of both countries showed that they are seriously worried about the Javakhk problem turning into an important domestic political factor both in Erevan and in Tbilisi.

Nevertheless, as an analysis of several aspects of the situation shows, Tbilisi and Erevan are not taking into account that today Samtskhe-Javakhetia significantly differs from the realities of the Shevardnadze epoch. Despite the difficult socioeconomic situation of the past few decades, a civil society is actively forming in the region, and local political movements are playing an increasingly greater role in its everyday life. The population is also putting forward well-considered and substantiated demands in defense of their rights and freedoms. As a result, the previous methods of the central authorities for resolving crisis situations are no longer effectively restricting the sociopolitical activity of the Armenian members of the population. Correspondingly, Tbilisi's old techniques aimed at restraining the processes in Javakhk (relying on several politicians and certain political forces in Erevan) may not work either. What is more, Tbilisi's further appeals to the Armenian authorities in such situations could lead to the Javakhkian Armenians' less adequate perception of official Erevan. Despite the stereotype taking root in Tbilisi, the current political processes in this region are mainly of a local nature, and are not inspired from outside, as many members of Georgian society seem to think.

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<sup>23</sup> "Nogaideli: 'v Gruzii budet tri avtonomii—Ajarskaia, Abkhazskaia i Tshinval'skaia'" [www.regnum.ru], 29 September, 2005.

## *C o n c l u s i o n*

The Georgian authorities are only hurting themselves by continuing to try and resolve the problems of Javakhk by means of administrative “peacekeeping” or by ignoring the sociopolitical initiatives of its population. This practice is primarily detrimental to the strategic goal which the country’s political elite has set itself with respect to national minorities—to integrate and incorporate them as much as possible into the country’s sociopolitical and cultural life. It is another attempt to avoid resolving several prime political problems (protection of human and national minority rights, and development of local self-government), which on the whole is also creating conflict potential in Samtskhe-Javakhetia. Georgian society and the political elite should honestly decide if they are ready, whereby taking into account their current experience of relations with South Ossetia and Abkhazia, to liberalize their approach to the country’s national minorities who densely populate certain regions and comprise the absolute majority of the population in these areas. Only then will the Armenians, one of the state-forming ethnic groups of Georgia who traditionally play an important role in its history, have natural stimuli for real integration into the sociopolitical and cultural community of this country.

What is more, there are several problems which are unlikely to be resolved in the near future by the efforts of both countries’ power structures alone. For along with the specific political and socio-economic difficulties noted at present in the region, there are problems whose solutions do not entirely depend on official Tbilisi, or which are not the result of its policy (for example, one of these problems is protection of the Armenian cultural and architectural heritage in Georgia). Nevertheless, in the near future, they may prove to be just as urgent as the severe socioeconomic situation, language problems, participation in the local and state government system, and decentralization of power, whereby not only for the Armenians living in Javakhk, but for the whole of Georgia as well. A broad Armenian-Georgian public dialogue must be maintained to resolve them. And official contacts between the leaders of both states, including on Javakhk’s problems, can only ensure that this dialog becomes more specific and targeted.

What is more, it should be noted that when withdrawal of the Russian bases is stepped up, Georgia should pay greater attention to the security interests of its regional neighbor. Tbilisi, on the one hand, should take into account Armenia’s security interests (as a member of the CSTO and Russia’s active ally). Erevan will evaluate any attempts (with all the ensuing consequences) to put restrictions on its military communication lines or on the communication lines of the 102nd Russian base in Giumri (particularly in the event of a new twist in the Nagorno-Karabakh conflict) as openly hostile steps in favor of Azerbaijan. On the other hand, Georgia should keep in mind Armenia’s activation of its European and Euro-Atlantic integration. For example, by maintaining its alliance relations with Russia, Armenia has recently made significant progress in the security sphere along the path to strengthening cooperation with NATO. In this area, it is only half a step behind Georgia, and in terms of some technical parameters of partnership with the North Atlantic Organization, it has essentially already surpassed Azerbaijan. With respect to cooperation with the EU, particularly in the format of the European Union’s new European Neighborhood Policy, Armenia and Georgia have achieved essentially the same results and are on equal terms (in contrast to Azerbaijan). Based on these factors, the political reference points of Erevan and Tbilisi are no longer as contradictory as they seemed before to those who talked about Erevan’s lack of alternative to Armenian-Russian cooperation in security and the threats ensuing from this for Georgia.

So close Armenian-Georgian cooperation in foreign policy and security could become a reality in the midterm, which will lead to a new situation in the South Caucasian regional security system.

But along with this, Georgia's reckoning with Armenia's opinion in security should be accompanied by serious adjustment of Tbilisi's approaches to resolving the political and socioeconomic problems of the Javakhsian Armenians, including with respect to searching for new mechanisms to ensure their physical safety after the withdrawal of the Russian troops. In this area, Tbilisi and Erevan should look for a common partner, that is, a third party capable of guaranteeing development of their political relations as an element of stability and security throughout the Southern Caucasus.

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## RELIGION IN SOCIETY

**ISLAMIC ECONOMIC MODEL AND  
THE PROBLEMS OF ITS APPLICATION  
IN RUSSIA**

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**1. Fragments of  
Foreign Experience**

The world's first Islamic bank, Mit Gamr Bank, was set up in 1963 in a place called Mit Gamr in Egypt. The bank, which functioned on the interest-free principle, marked the beginning of practical implementation of Muslim economic theories. At the same time, a Savings Corporation for Muslim Pilgrims (Tabung Hajji) was founded in Malaysia to help accumulate funds for hajj<sup>1</sup> in accordance with the Muslim laws.<sup>2</sup> In 1965, a Cooperative Investment and Financial Corporation appeared in Karachi (Pakistan). Simultaneously, several similar institutions which can be described as savings investment structures rather than commercial banks appeared in Egypt. On the whole, however, the experiment failed; very soon most of the institutions which sprang up haphazardly at the grass-roots level in all corners of the Muslim East folded.

<sup>1</sup> Here and elsewhere, I shall give the more correct, rather than more frequent, spelling of the Arabic word **حج** (hajj) with the exception of the names of official organizations, article titles, etc.

<sup>2</sup> For more details on the history and present state of Tabung Hajji, see: M.A. Manan, *Islamic Socioeconomic Institutions and Mobilization of Resources with Special Reference to Hall Management Fund of Malaysia*, Jeddah, 1997.

The second wave of attempts at translating the Islamic economic ideas into practice under traditional (non-Muslim) economic conditions proved more successful. In 1975, the Dubai Islamic Bank began operating in the UAE, while the Organization of the Islamic Conference opened the Islamic Development Bank (IDB) with the intention of coordinating economic and social development of the Muslim communities throughout the world. In 1979, the world's first Islamic insurance company was set up in Sudan. In some Muslim states, the faithful acquired the chance of paying *zakat* and *'ushr* (tithe) in a centralized way. Pakistan went as far as adopting a special law, the Zakat and 'Ushr Ordinance, in 1980 to regulate the collection and distribution of taxes.

Today, most countries with large Muslim communities have all sorts of institutions working on the basis of the Shari'a. Russia is no exception.

## 2. Muslim Banking in Russia

The Badr Forte Bank, its Russian name being International Commercial Bank, is the only structure in the banking sphere guided by Islamic business rules. Licensed by the RF Central Bank in 1991, it has been using Islamic funding methods since 1997. Significantly, it is not called Islamic, yet its charter says that the bank has the right "to act according to Russian and international laws by applying Islamic economic banking technologies which do not contradict the banking laws of Russia."<sup>3</sup> The Badr Forte Bank is a member of the General Council of Islamic Banks under the IDB: its operations have been recognized at the international level as corresponding to the Shari'a.

It is interesting to see how the bank manages to stick to the Islamic principles in the Russian economic context. A. Djabiev, Chairman of the Board of Directors, says: "The experts of the Central Bank were very patient; they tried to grasp the meaning of our statement that starting the next day we would stop paying or taking interest. They wanted us to use the language of economic terms. As soon as we showed that we knew them they allowed us to write in the Rules that the bank would be functioning according to Islamic economic principles within the framework of Russian laws. In this way, we managed to adapt many of the Russian legal instruments to Islamic principles, that is, make them so-called mixed instruments. The Central Bank of Russia and our Shari'a council recognized them as such."<sup>4</sup>

In his work "Printsipy funktsionirovaniya islamskikh bankov" (The Functioning Principles of Islamic Banks), A. Zhuravlev, a Russian expert in Islamic banking, describes some of the mechanisms the Badr Forte Bank is using to make its operations Islamic. It uses, in particular, bills of various types to overcome the elements inadmissible within the Shari'a. The client issues a bill and sells it to the bank at its nominal value; the money thus received can be used to fund the client's investment projects. The purchase of a bill is registered as a Repo: the client is obliged to repurchase the bill on certain conditions (paying a premium) and within a certain term. The repurchase price is not fixed; it is determined by the situation on the day the contract is signed on the market of goods and services financed in this way and produced by the client, and also by the actual level of aggregate profit produced by the object in which the bank's money was invested and calculation of the bank's costs.

<sup>3</sup> A.Iu. Zhuravlev, "Printsipy funktsionirovaniya islamskikh bankov," in: *Islamskie finansy v sovremennom mire: ekonomicheskie i pravovye aspekty*, ed. by R.I. Bekkin, Moscow, 2004, p. 91.

<sup>4</sup> A. Djabiev, "Perspektivy primeneniya printsipov islamskoy ekonomiki v khoziaistvennoy deiatel'nosti sub'ektov v ramkakh zakonodatel'stva RF," in: *Islamskie finansovye otmoshenia i perspektivy ikh osushchestvleniya v rossiyskom musul'manskom soobshchestve*, Moscow, 2004, pp. 40-41.

In other words, the bank does not violate Russian laws when operating with securities (bills). By the same token, it observes the norms of Muslim laws since, on the whole, theologians do not regard such transactions as inadmissible.<sup>5</sup> Neither Russian nor Muslim laws doubt the mechanism of fund raising. Under Russian laws, however, no bank can avoid paying interest on deposits—something that is absolutely banned by the Shari‘a. For this reason, the Badr Forte Bank opens only settlement and current accounts for its clients. To obtain long-term funds, the bank enters a standard contract which, at first glance, is identical to the contracts offered by other Russian banks. They differ in small details: under the “Financial Conditions” section, the client is offered one of the following options: a settlement, savings, or investment account. The client can choose the way the bank accrues and pays remuneration for using the account balance. The remuneration comes from the bank’s profit for a certain period.<sup>6</sup>

The bank’s popularity among Muslims is limited by the fact it has no branches,<sup>7</sup> which it is trying to make up for by widely using Internet banking and GSM banking to allow its clients instant access to their accounts from any corner of the world and receive information regarding them by cell phone.

The bank mainly concentrates on foreign trade operations (conversion operations, cross-border transfers, and operations with documents—letters of credit, all sorts of guarantees, including tenders) rather than working with individuals (its operations of this sort are limited to cross-border transfers and paying cash from current accounts).

This suggests that the regions with predominantly Muslim populations need Islamic banks.

The Badr Forte Bank is by far not the only attempt at setting up an Islamic bank in Russia: on 14 August, 1992, it was announced that a United Islamic Commercial Bank Inc. was being set up by KamAZ, ElAZ, the West Siberian Metallurgical Combine, the Islamic Cultural Center in Moscow, and the All-Russia Tatar Cultural and Educational Center. The initiative of the leaders of the Union of Industrialists and Entrepreneurs of Russia was supported by the administration of the Kemerovo Region. Administration Head Aman Tuleev was asked to be the bank’s president.

This structure was set up for practical rather than religious reasons: its aim was to develop the scientific and technical potential of the CIS countries and encourage business activities of enterprises by attracting foreign capital primarily from the Muslim states. Business communities of Saudi Arabia, the UAE, Turkey, and the Central Asian states showed a certain interest in the project, which was not realized—the bank never went into operation.

This negative experience says that the interested persons were more concerned with possible investments from the Arab oil-rich countries than with setting up an Islamic financial institution in Russia. Later, similar patterns using the Islamic economic model under Russian conditions were repeated several times. Some Muslim businessmen announced publicly several times that their banks were either ready or would be ready in the near future to start operating in accordance with the Shari‘a. In 2003, one of them said: “I am head of the department of international relations of the Business Savings Bank which tried to follow the example of Citibank and open an Islamic department or an Islamic window.”<sup>8</sup> No reliable information that Delna Bank actually provided these services is available. In the mid-1990s, there was a lot of talk about opening an Islamic bank in Makhachkala.<sup>9</sup>

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<sup>5</sup> Any Islamic financial organization has a Shari‘a Supervisory Council set up to assess the new products (services) of a bank (company) and their operations from the viewpoint of Muslim law. The Shari‘a Supervisory Council of the Badr Forte Bank is headed by a prominent Muslim theologian, Zaki Badavi.

<sup>6</sup> See: A.Iu. Zhuravlev, op. cit., pp. 91-92.

<sup>7</sup> Its central office and the only branch, called Studencheskoe, are found in Moscow.

<sup>8</sup> A.-K. Chernienko, “Islamskaia bankovskaia sistema,” in: *Islamskie finansovye otnosheniia i perspektivy ikh osushchestvleniia v rossiyskom musul’man’skom soobshchestve*, p. 116.

<sup>9</sup> See: A.Iu. Zhuravlev, “Finansisty, chtiazhchie Koran,” *Otechestvennye zapiski*, No. 5, 2003 [www.strana-oz.ru].

### 3. Islamic Insurance

Islamic insurance offers the same view: for several years now the Idel-Haj program, a joint project of the Spiritual Administration of the Muslims of the Republic of Tatarstan (SAM RT), the NASKO insurance company, and the Tatfondbank, has been widely advertised in the republic.

The founders planned to help people save money for performing *hajj* (greater pilgrimage) and *umrah* (smaller pilgrimage). The program was designed for “investing money in various Shari‘a-approved types of commercial activities, including the younger generation’s small and medium businesses.”<sup>10</sup> Despite a resounding PR campaign, the program’s savings part has not yet taken off. According to Director of the Idel-Haj department at the SAM RT Farida Gataullina, in January 2005, about 500 pilgrims (out of the total 9,650 pilgrims from Russia) went on *hajj* under the program, whereby only 10 people accumulated their *hajj* money through the money-saving service.<sup>11</sup> In other words, the Idel-Haj program offered tourist rather than savings services.<sup>12</sup>

The very existence of corresponding insurance products, about which much has been said in the press, is open to doubt.<sup>13</sup> I myself spent six unproductive months trying to obtain the documents I needed from Idel-Haj to sign a money-saving contract. Idel-Haj clerks kept putting off sending me the documents under all sorts of pretexts (the program head was not in at the moment, the printer was broken, etc.).<sup>14</sup>

Itil, another insurance company working in Tatarstan which set up a Department of Islamic Insurance in September 2004, is in not much better straits. Its leaders planned to create an insurance firm based on the company and operating according to Islamic principles. They did a lot of analyzing, yet the plan was not realized. The insurance company has not yet dropped the project entirely, but it is unlikely be realized in the near future. Shortage of money was the main reason behind the failure.

Theoretically, Islamic insurance business (*taqaful*) can function in Russia as commercial or mutual insurance projects depending on the development level of the region in which these projects are realized, the income levels of the local people, their knowledge about all sorts of insurance services, etc. At the same time, it will be harder to adjust the general insurance norms to the *taqaful* practices than to do the same with respect to the mutual insurance sphere. The task is made easier by the fact that the relevant laws are still being drafted, therefore a *taqaful* company in Russia functioning according to mutual insurance principles is the logical and constructive choice. Practically all Muslim theologians admit that mutual insurance corresponds to the Shari‘a.<sup>15</sup>

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<sup>10</sup> See: R. Gataullin, “O vozmozhnosti sozdaniia svobodno-ekonomicheskoy zony standarta ‘khialial’,” in: *Islamskie finansovye otnosheniia i perspektivy ikh osushchestvleniia v rossiyskom musul'manskom soobshchestve*, p. 31.

<sup>11</sup> See: “Iz Tatarstana v hajj otpravilas pervaiia gruppa palomnikov,” *Novosti Povolzh'ia*, 30 December, 2004 [www.interfax.ru].

<sup>12</sup> Judging by certain information, the company’s tourist services are of a higher quality than those offered by certain other tourist companies working with Muslim pilgrims in Russia (see, for example: Protokol zasedania Soveta po haju ot 6 apreliia 2004 g. [www.government.ru]).

<sup>13</sup> See: “‘Idel-Haj’ DUM RT pomozhet plemianniku Nazarbavaeva v razrabotke sistemy nakopitel'nogo strakhovaniia v sootvetstvii s normami shariata” [www.tatar-inform.ru]; R. Kashapov, “K uslugam musul'manskikh palomnikov,” *Obshchestvo*, No. 179 (24735), 6 September, 2002 [www.rt-online.ru]; and others.

<sup>14</sup> Later, in November 2004, at the seminar on the “Islamic Economic Model: Prospects for Its Realization in Muslim and Non-Muslim Communities,” Deputy SAM RT Chairman Valiulla Iakupov, who represented SAM RT as one of the program’s partner, confirmed in a private talk with me that the savings services were still not operating.

<sup>15</sup> It cannot be said that the Russian laws completely rule out the possibility of Islamic insurance in the commercial form. According to investigations made by the Administration of Islamic Insurance of Itil, Islamic mechanisms of the savings insurance type can be used without violations of Russia’s insurance laws. This activity, however, will be effective and corresponding to the Shari‘a only if carried out on the basis of another, preferably Islamic, large insurance company or bank.

The present problems existing on Russia's market of Islamic banking and insurance services can obviously be overcome. In this context it is interesting to look into the problem of a "revival" of the Islamic economic institutions which functioned before and after the revolution of 1917. Waqf is one of them.

## 4. Waqf

In the middle of June 2004, Kazan hosted the 7th All-Russia Seminar of the Heads of Spiritual Administrations of the Muslims called "Waqf and Its Prospects in Russia Today."

Let me remind the reader that waqf is property alienated for charity. When certain property is made waqf (or, according to some Muslim theologians, when the intention is announced), it no longer belongs to the waqf institutor (waqif), but nor is it transferred as property to those who receive the waqf and manage it in the interests of the receivers (designated by the waqif) of waqf-created profits. Using waqf property for purposes other than those designated by the waqif is prohibited.

According to the imams who spoke at the seminar, today, waqf is the only chance for Russia's Muslim religious organizations to preserve their financial independence.<sup>16</sup> Judging by what was said at the seminar and by the information presented at previous similar seminars, the Muslim spiritual leaders do not always clearly understand the purpose of waqf. They tend to forget that waqf property is not transferred to the religious organizations for ownership: they are entitled to the revenue this property produces.

Sometimes waqf is confused with other Islamic institutions: *gyshar* ('ushr is the more correct name, that is, tithe, or a tenth part of the yield), *zakat*, as well as the revenues produced by some religious rituals: *khatemlar* (gatherings that pray for the dead), *janaza* (burial rites), etc. It is hard to start a constructive dialog if those who want to develop the waqf system have vague ideas about it.

Significantly, similar problems also existed in Russia before the revolution: one of the first officially registered waqfs bequeathed in 1830 to the First Main Mosque of Kazan by merchant Gabdulla Iunusov did not specify the rules of its management and control over the revenue it produced. This was by far not the only example of misunderstanding the waqf institution in the Volga area: the heirs of a rich industrialist, Utiamyshev, refused to fulfill his will under which part of his money was intended for waqf, arguing that there was no specific procedure for executing the will.<sup>17</sup>

Outstanding Tatar enlightener Shigabuddin (Shikhabaddin) Mardjani (1818-1889) resolutely rejected this interpretation of waqf exploited by rich merchants to control the economic life of the community (mahallia). It was mainly thanks to his efforts that the question regarding the direct purpose of waqf, which corresponded to the Shari'a, was raised and a system of collective self-administration in individual Muslim parishes established. The number of embezzlements in the charity sphere decreased along with, first, the power of the patrons in the Iusupov brothers' mahallia and then of other Tatar merchants who had been dominating their communities.

Late in the 19th century, the mechanism for transforming property into waqf was legally registered. Under the newly established legal procedure, waqf institutor applied in writing to the assembly of parishioners representing the community. He was duty bound to describe in detail the property to be turned into waqf, state its value, and enumerate the owners and the conditions for managing and disposing of this property. The community empowered the mosque leaders to apply to the governor

<sup>16</sup> See: "V Kazani zavershilas VII Vserossiyskaia konferentsia rukovoditeley dukhovnykh upravleniy musul'man" [www.portal-credo.ru].

<sup>17</sup> See: R. Salikhov, "Kak vozrodit blagotvoritel'nost?" *Tatarskiy mir*, No. 1 (54), February 2005, p. 3.



with a request to seek permission from the Ministry of the Interior. The latter's permission was sent to the Orenburg Mahomeddan Spiritual Assembly which, in turn, approved the permission and informed the parishioners of the ministry's decision. After a dedicatory inscription was made on the property transferred to waqf, a notary procedure completed the process. The community was responsible for annual reporting about waqf management and bookkeeping.<sup>18</sup>

It should be said that in pre-revolutionary Russia, so-called waqf in cash was very popular: the institutor allotted a certain sum, the interest on which was used by the mosques, Muslim clergy, students (*shakirds*) of religious schools, etc., for which the waqf was intended. In this way, while one of the provisions of Muslim law was strictly observed practically everywhere, another, much more important provision,<sup>19</sup> the ban on usury repeatedly formulated in the Koran, was violated: "Those who devour interest will not stand except as stands one whom Satan by his touch has driven to madness. That is because they say: 'Trade is like interest,' but Allah has permitted trade and forbidden interest" (interest—Receiving in excess on money lent to others) (2:275).

This interpretation of waqf, which does not fit the classical pattern, was not restricted to Russia alone. At one time, outstanding Muslim theologian Mehmed Birgevi sharply criticized the practice of donating cash for religious purposes which served as one of the cornerstones of financial transactions in the Ottoman Empire. This money was normally loaned under interest, which contradicted the Islamic ban on *riba* (usury). At the same time, religious and secular institutions used only profits created by this money.<sup>20</sup>

The waqf issue was repeatedly discussed in present-day Tatarstan at the highest level. In 1993, at one of the first meetings, members of the Muslim clergy discussed with President Shaymiev the possibility of setting up a waqf system badly needed for the construction and maintenance of mosques and madrasahs, and for publishing activities. The president set up a special commission to study the issue in depth. Specialists were sent to Turkey to exchange experience. Later, in 1998, a uniting congress of the republic's Muslims created the post of chairman of the waqfs, in the rank of first deputy mufti, and a waqf department under the SAM RT. The very concept of "waqf" was first introduced into Russian Federation laws in the Law of Tatarstan on the Freedom of Conscience and Religious Associations.

The same problems were actively discussed in other Muslim regions of Russia. In the first half of the 1990s, the Supreme Soviet of Daghestan raised the question of introducing a provision on waqfs into the republic's constitution. The first republican referendum, which took place on 28 June, 1992, buried the issue: 83.7 percent of those who took part objected to the idea of dividing the collective farm lands into private plots, thus making large-scale revival of the waqf system impossible.

Significantly, the waqf-related norms revived in the Daghestani villages in the 1950s-1980s were gradually adjusted to the new social conditions. The information gathered by Russian Orientalist V.O. Bobrovnikov and Daghestani ethnographers confirms that in some places in central and northern Daghestan, mountain-dwellers still received income in money and in kind from the old waqfs. No new waqfs appeared: a small part of waqf property, which after collectivization became

<sup>18</sup> See: "Waqf," in: *Islam na evropeyskom Vostoke: Entsiklopedicheskiy slovar*, ed. by R.A. Nabiev, Kazan, 2004, p. 49.

<sup>19</sup> It seems that in Russia today the Muslim clergy does not object to usury operations when administering waqf. The draft amendments to the Law on the Freedom of Conscience and Religious Associations offered by the SAM RT and related to waqf property said, in part: "Waqf can include any property, be it a plot of land, building, structure, or other real estate, the right to use any securities, as well as jewelry, books, and other movable property in the Republic of Tatarstan and outside it" (*Dokumental'nye materialy o deiatel'nosti Dukhovnogo upravleniya musul'man Respubliki Tatarstan v period s 14.02.1998 po 14.02.1999*, Kazan, 1999, p. 20). The fact that all types of securities are related to property that can be transferred to waqf violates the Koranic ban on usury.

<sup>20</sup> See: M. Kemper, "Musul'manskaia etika i 'dukh kapitalizma'," in: *Islamskie financy v sovremenno mire: ekonomicheskie i pravovye aspekty*, p. 41.

part of the collective farmers' personal property with the tacit agreement of local administrators, was used for religious and charity needs. Since the 1960s, former waqf land and grazing grounds have been secretly rented out.

After analyzing the recent experience of reviving waqf property in Daghestan where a few waqfs appeared here and there in the mountains early in the 1990s, V. Bobrovnikov concluded that even this republic, which is the most Islamic among Russia's republics, lacks the prerequisites for further development of the waqf system. He pointed to the following reasons:

- First, the republic lacks indispensable resources in the form of private property (*mulq*), the cornerstone of waqf was destroyed during collectivization and has not yet been restored.
- Second, today not all former waqf possessions could be restored to their former status: the larger part of the mountain terraces which remain abandoned are classed as "dead land" (*mawat*) according to Muslim law. The area of former waqf lands shrank because of urbanization.<sup>21</sup> We should not overestimate the scale of the waqf system in pre-revolutionary Russia: it was unknown in some of the Muslim regions, the Northwestern Caucasus among others. In the Northeastern Caucasus, that is, in Daghestan, there were 63,985 tithes of waqf land in 1913 (about 5 percent of the total arable land in the area).<sup>22</sup>
- The third and, probably, the most important reason: the institution of waqf lost its former social and cultural meaning. Today, Muslim schools and higher educational establishments in Daghestan are mainly functioning on personal donations (*sadaka*) and incomes derived from leasing out property and trade rather than on waqf-created incomes.
- Fourth, despite the large number of *alims* (theologians), there are no well-trained experts in Muslim law in Daghestan with adequate theoretical training and practical skills able to manage Muslim property.<sup>23</sup>

The same is true of Tatarstan where the waqf culture was lost even earlier than in Daghestan.

In view of the above, we tend to agree with V. Bobrovnikov, who said that waqf today and tomorrow is a different phenomenon which has little in common with the classical waqf of the Muslim law.<sup>24</sup> It seems that in the context of the lost Muslim legal culture in Russia as a whole (and in Daghestan in particular), most waqf-related issues will be regulated by Russia's laws and adats, while Muslim law will no longer affect this institution in the old way.

The Russian laws treat waqf and similar institutions very favorably. On 24 September, 2004, the State Duma passed amendments to the Land Code which transferred, free of charge, land under the buildings and other facilities used for religious and charity purposes to the religious organizations that owned them. Those religious organizations that do not own the buildings in which they function will receive the land under them gratis for the entire period they continue using the buildings. These amendments were intended to favor the Russian Orthodox Church, however other confessions profited from them as well.

<sup>21</sup> When summing up the results, those who took part in the seminar "Waqf and Its Prospects in Russia Today" recommended that the Council of the Muftis of Russia set up, together with the IDB and the General Secretariat of the Waqfs of Kuwait, a work group to study whether the principles of waqf property can be adjusted to Russia's legislation, as well as render assistance, methodologically and organizationally, to create a single register of waqfs in Tatarstan. The seminal participants asked the same organizations to identify jointly with the Academy of Sciences of the Republic of Tatarstan the lost historical waqfs in Tatarstan in order to return them to the Muslims in the future (based on the materials of Portal-Credo.ru).

<sup>22</sup> See: *Obzor Daghestanskoy oblasti za 1913 g.*, Temir-Khan-Shura, 1915, p. 6. Quoted from: V.O. Bobrovnikov, "Waqf v Daghestane: iz vcherashnego dnia v zavtrashniy?" *Islam i pravo v Rossii*, Issue 2, Moscow, 2004, p. 156. In the Ottoman Empire, for example, about one-third of all lands belonged to the waqf category.

<sup>23</sup> See: V.O. Bobrovnikov, op. cit., pp. 163-164.

<sup>24</sup> See: Ibid., p. 165.

There are no legal obstacles in Russia to setting up waqfs; there were no such obstacles under the old laws, which treated the waqf issue much more vaguely. In the 1990s, some village administrations of central and northern Dagestan transferred some waqf possessions (in evasion of the law) received before collectivization to newly opened mosques. In some cases, the operation was registered as a long-term lease. The mosques, in turn, subleased the lands to members of their communities.<sup>25</sup>

In other words, mentality rather than the laws is the main obstacle: the Muslims of Russia have lost the culture of waqf. Most of the faithful, including well-to-do Muslims, believe that waqf is too complicated to be effectively controlled. Whereas in Dagestan, the Muslim communities (*jamaats*) are strong enough to control the use of waqfs, in Tatarstan and other regions, embezzlement cannot be excluded. This explains why the faithful who want to engage in charity find it much easier to hand the money to those who need it in the form of *sadaka* (voluntary donation) or, rarely, in the form of *zakat*, rather than to deal with an institution unknown to the contemporary Russian legislation.

## 5. Muslim Taxes

As distinct from waqf, *zakat* is not a universal instrument designed to cover the expenses of religious organizations. Most theologians, for example, are convinced that the money received as a purifying tax should not be used to build mosques in places where there are enough of them. They believe that the state (obviously, the Muslim state) should shoulder these expenses. In a non-Muslim state, likewise, it is undesirable to spend the larger part of *zakat* on the same things.<sup>26</sup> *Zakat* can be used, however, to fund education, publishing, and other activities designed to promote religious knowledge among the Muslims. It should be borne in mind that in most states, *zakat* is paid voluntarily. Today, none of the countries, with the exception of Saudi Arabia, imposes the duty of paying *zakat* on its faithful citizens by law. This creates the problem of following one of the five principles of Islam—paying *zakat*.

As recently as the 1970s, religious figures in many Muslim countries spent a lot of time and effort to convince the faithful to pay *zakat*. Today, there is no shortage of people in the Muslim world willing to follow this principle; *zakat* can be paid through the Internet, which supplies *zakat* calculators to establish the precise sum to be paid.<sup>27</sup> The growing number of physical and legal *zakat* payers made so-called Islamic bookkeeping necessary.<sup>28</sup>

In Russia the situation is different; *zakat* was paid during the first years of Soviet power in Russia. In places with predominantly Muslim populations (the Volga area, Northern Caucasus, Central Asia), it was used to buy implements for collective farms.<sup>29</sup> Later, however, the *zakat* culture was lost.

In Russia, only a few Muslims have realized that *zakat* should be paid, although not only because wealthy people are close-fisted. Prominent Muslim theologian from the Volga area Utyz Imiani (1754-1834) believed with good reason that monetary donations for charities should hardly be encouraged: they create too great temptations for those who collect them. Imams, after all, are common

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<sup>25</sup> See: *Ibid.*, p. 162.

<sup>26</sup> See: Lecture delivered by Dr. Ashraf al-Amawi, in: *Ekonomicheskoe i finansovoe upravlenie musul'manskimi religioznymi organizatsiyami: realii i perspektivy*, Moscow, 2001, p. 76.

<sup>27</sup> The first *zakat* calculator in Russian can be found at [www.Takafol.ru]. For more details about the site see below.

<sup>28</sup> For more detail, see: A.D. Larionov, D.A. Al-Sharayrehk, "Islamskaia model bukhgalterskogo ucheta," in: *Islamskie finansy v sovremennom mire: ekonomicheskie i pravovye aspekty*, pp. 214-232.

<sup>29</sup> See: V.O. Bobrovnikov, "Islamskiy renessans," *NG-Religii*, No. 10 (140), 2 June, 2004 [www.religion.ng.ru].

people who might borrow more from the alms than they really needed. The Koran mentions the tax collectors (“those employed to administer the (funds)”) among those for whom zakat is intended: “*Zakat is for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the Cause of Allah; and for the wayfarer, (thus is it) ordained by Allah*” (9:60).

Since February 2005, two banks, Ak-Bars and Tatfondbank, have been receiving zakat payments from the Muslims of Tatarstan; it seems that they work as intermediaries. It should be said that the money received is unlikely to be used as effectively as in some of the Muslim states. For example, the Nasser Social Bank of Egypt not only distributes zakat money among the needy, but also helps buy labor implements (mainly in the countryside) and buys agricultural products from peasants at market prices, thus helping them evolve from receivers to donors.<sup>30</sup>

In some regions of the Russian Federation, the Islamic clergy is trying to use other religious taxes, although it is not always sure of their original meaning in the Shari‘a. In some districts of Tatarstan (Baltasinskiy, Arskiy, etc.), imams ask collective farm chairmen to donate potatoes for the students of Muslim religious establishments.<sup>31</sup> This should be described as the collection of sadaka, a charitable donation paid once in a while, not ‘ushr called *gyshyra* (*gyshyra*) in Tatarstan, which is a tithe.

The zakat culture is very slow to strike root in Russia because the local Muslims know next to nothing about it. The above example shows that most of the faithful do not distinguish between zakat and other Islamic charities. So far, the clergy has failed to deal with this ignorance. Several years ago the imam of a mosque in Maykop (Adigey) set up two boxes—one for zakat, the other for sadaka—only to remove them after a while because the parishioners could not distinguish between them.<sup>32</sup>

## 6. Educational Projects in the Sphere of Islamic Economics

In Russia, and in many other countries for that matter, the faithful know practically nothing about Islamic economics. This is a great problem, because ignorance of the main prohibitions and possibilities in this sphere makes people indifferent to any business initiatives within the Shari‘a. Most of the so-called “practicing Muslims” in the Russian Federation believe that they should pray five times a day, observe a fast, perform hajj, if circumstances permit it, and observe all Islamic marriage and burial rituals. Many of them, however, have no idea about the economic side of Muslim law: they do not pay zakat, to say nothing about the ban on usury. Obviously the faithful should be taught the principles and mechanisms of the Islamic economic model.

Since the fall of 2004, the site [www.Takafol.ru] has been functioning on the Internet; it was opened to popularize Islamic economics. This site, the first and so far only Internet resource in Russian devoted to the subject, offers the latest information about Islamic economics from all over the world in Russian and English. Any visitor can ask members of the expert council questions related to Islamic economics and business proceedings according to the Shari‘a. It helps to find the publications

<sup>30</sup> See: Report by Deputy Director of the Islamic Research and Training Institute Fedad Layashi, in: *Ekonomicheskoe i finansovoe upravlenie musul'manskimi religioznymi organizatsiyami: realii i perspektivy*, p. 83.

<sup>31</sup> See: M. Zalialetdinov, “Razvitie sistemy waqufov v Rossii,” in: *Islamskie finansovye omoshenia i perspektivy ikh osushchestvleniya v rossiyskom musul'manskom soobshchestve*, p. 69.

<sup>32</sup> See: A.A. Iarlykapov, “Religioznoe povedenie,” in: *Islam i pravo v Rossii*, Issue 3, Moscow, 2004, p. 58.

necessary for writing all sorts of scholarly papers and offers articles on various aspects of Islamic economics.

This is not enough, however, to promote this knowledge in Russia. In fact, only high-quality formal secular education can produce well-educated professionals capable of applying the Islamic model in practice. Today, however, as far as I know, only two higher educational establishments teach the fundamentals of the Islamic economic model.

In 1999-2000, the above-mentioned Russian expert A. Zhuravlev gave a course on Islamic banking at the Institute (University) of International Relations of the Foreign Ministry of Russia. Later, in 2003, the author of this article began a course on the fundamentals of the Islamic economic model and Muslim financial law in the same Institute. For over a year now, the State University-Higher School of Economics has been offering a special course "Islamic Finances and Muslim Financial Law," which includes such issues as the Muslim idea of property, the influence of Muslim law on the contemporary tax systems, the legal status of Islamic banks, etc.

Several disciplines in two higher educational establishments cannot produce the needed number of specialists in Islamic economics. This economic model as a whole (and Islamic finances in particular) should be taught as part of the fundamental courses at faculties of economy and law. It should be borne in mind (as Russian legal expert A. Kozyrin noted) that exclusion of the vast empirical body of Islamic finances from the framework of scholarly research casts doubt on certain conclusions and the representative nature of certain theoretical generalizations.<sup>33</sup>

The task of religious schools is to train young theologians able to help the faithful carry out economic activities according to the Shari'a.

\* \* \*

Those who study the experience of applying the Islamic economic model in Russia may conclude that it is negative rather than positive. Only one attempt out of many to translate the Islamic economic model into practice proved successful. I have in mind the Badr Forte Bank, which has been on the scene for over seven years now. For several reasons, however, it cannot serve all who need banking services of this kind. Other institutions in the sphere of Muslim economics failed to take off: there is still no insurance company; the waqf system, which requires much effort to start functioning, is far removed from the Shari'a nature of waqf; and most Muslims obliged to pay zakat do not do this.

One of the main reasons for this sad state of affairs is inadequate knowledge of Islamic economics and the economic behavior to be observed by all Muslims; this deprives Islamic economics of a grassroots initiative badly needed by the Islamic financial institutions. All the projects mentioned above were started by individual groups and wilted in the absence of professional support and potential clients.

Still, experience and knowledge accumulated in this sphere will prove useful for those who come later to apply the Islamic economic model in Russia, in the same way as the experience of the first Islamic financial institutions were taken into account to set up the Islamic Development Bank.

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<sup>33</sup> See: A.N. Kozyrin, "Izuchenie i prepodavanie islamskikh finansov v svetskikh vysshikh uchebnykh zavedeniakh," in: *Islamskie finansovyie otosheniia i perspektivy ikh osushchestvleniia v rossiiskom musul'manskom soobshchestve*, p. 72.

## INDEPENDENT NEWS WEB SITES' COVERAGE OF RELIGION IN CENTRAL ASIA

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The five Central Asian governments tightly control religious freedom and practices. Most mass media remains state-owned or tightly controlled, and journalists exercise self-censorship, with or without official censorship. One result is a dearth of reporting by domestic media about religious freedom issues, which are culturally and politically sensitive for these authoritarian regimes.

Western-based Web news sites like those of the Institute for War and Peace Reporting ([www.iwpr.net](http://www.iwpr.net)), Eurasianet ([www.eurasianet.org](http://www.eurasianet.org)), and IRIN News ([www.irinnews.org](http://www.irinnews.org)) provide alternative venues for independent reporting on news about religion, but access to these sites is difficult or impossible for most people. Central Asian journalists who report for these sites confront challenges and risks.

### The Religion Setting

Religion in Central Asia is inextricably interwoven with politics. All five governments are secular in orientation and practice, although some leaders wrap themselves in religious mantles for political purposes. These regimes worry not only about violent fundamentalism but also about the prospect of Islamist parties that may threaten the incumbents' hold on power. In the case of Kazakhstan, for example, "the extremist Islamist political organization Hizb ut-Tahrir is banned and its members are subject to arrest and imprisonment for subversion," according to the U.S. State Department.<sup>1</sup> One expert observed that national leaders have used campaigns against "radical Islam" as a pretext to oust local figures and centralize political control.<sup>2</sup> As one way to develop national identity in countries whose artificial borders were drawn 80 years earlier, Uzbekistan and Kyrgyzstan adopted "a multiethnic and secular definition" of their new states, as Luong put it.<sup>3</sup> In Uzbekistan, that includes tight

<sup>1</sup> U.S. State Department, *International Religious Freedom Report*, 8 November, 2005.

<sup>2</sup> See: N. Melvin, "Patterns of Centre-Regional Relations in Central Asia: The Cases of Kazakhstan, the Kyrgyz Republic, and Uzbekistan," *Ethnicity and Territory in the Former Soviet Union: Regions in Conflict*, ed. by J. Hughes, G. Sasse, Frank Cass, London, 2002.

<sup>3</sup> P. Luong, *Institutional Change and Political Continuity in Post-Soviet Central Asia*, Cambridge University Press, Cambridge, 2002.

governmental controls over Islam to diffuse it as a political force and to justify a campaign against so-called extremism.<sup>4</sup> Huskey wrote how then-Kyrgyz President Askar Akaev had to “maintain an official ecumenism in the face of a revival of religious expression in Kyrgyzstan, whether among newly-converted Christians or the more numerous Muslim population.”<sup>5</sup> Cummings and Ochs described Turkmenistan as a “curious blend of resurgent Islam and secular dictatorship with (President Saparmurat Niyazov’s) cult of personality;” where the people are “not primarily defined by religion... Niyazov has sought to gain recognition by playing up to Islam when necessary but in reality the record has been one of intensifying repression and control, rather than accommodation.”<sup>6</sup>

Four of the five republics have overwhelmingly large Muslim-majority populations; the exception is Kazakhstan, where Muslims only slightly outnumber Russian Orthodox adherents (see Table 1). Throughout the region, the proportion of Russian Orthodox adherents has declined since independence in 1991 due to massive emigration to Russia and elsewhere. Between 1989 and 2001, Russia’s Federal Service of State Statistics reported 2.3 million immigrants from Kazakhstan; 430,000 from Tajikistan; 431,000 from Kyrgyzstan; 210,000 from Uzbekistan; and 54,000 from Turkmenistan. The emigration of Central Asians of Russian or European descent has exacerbated governmental anti-religious activities, and minority religions—those other than Islam and Orthodox Christianity—face particular challenges. Some Christian sects now actively proselytize, as do some Baha’i and Hare Krishna adherents, prompting adverse reactions on the governmental and grassroots levels. Peyrouse wrote: “The Soviet pattern—that is, a faith fighting for its own existence in an atheist regime—has given way in the post-Soviet period to a Central Asian specificity: Christianity as a minority faith which appears as a symbol of European identity in a Muslim land... Minorities have expressed their fear evoked by the indigenization of power, and ethnic nationalism has become a key element in the religious revival. This “ethnic-religious” combination constitutes one of the responses to the Central Asian situation.”<sup>7</sup>

Table 1

**Religious Breakdown of the Population of  
the Five Republics (%)**

Country	Muslim	Orthodox	Other
<b>Kazakhstan</b>	<b>47</b>	<b>44</b>	<b>9</b>
<b>Kyrgyzstan</b>	<b>75</b>	<b>20</b>	<b>5</b>
<b>Tajikistan</b>	<b>90</b>	<b>0</b>	<b>10</b>
<b>Turkmenistan</b>	<b>89</b>	<b>9</b>	<b>2</b>
<b>Uzbekistan</b>	<b>88</b>	<b>9</b>	<b>3</b>

Source: Freedom House (2005).

<sup>4</sup> See: A. Khalid, “A Secular Islam: Nation, State and Religion in Uzbekistan,” *International Journal of Middle East Studies*, No. 35, 2003.

<sup>5</sup> E. Huskey, “An Economy of Authoritarianism? Askar Akaev and Presidential Leadership in Kyrgyzstan,” in: *Power and Change in Central Asia*, ed. by S. Cummings, Rutledge, London, 2002, pp. 79-80.

<sup>6</sup> S. Cummings, M. Ochs, “Turkmenistan: Saparmurat Niyazov’s Inglorious Isolation,” in: *Power and Change in Central Asia*, p. 123.

<sup>7</sup> S. Peyrouse, “Towards a Connection between Religion and Nationality in Central Asia,” *Central Eurasian Studies Review*, No. 3 (1), 2004, p. 14.

All five constitutions contain broad language protecting freedom of religion, such as that of Tajikistan, which states in Art 26: "Each person has the right independently to determine her or his religious preference, to practice any religion alone or in association with others or to practice no religion, and to participate in the performance of religious cults, rituals, and ceremonies." In reality, however, changes through legislation and executive decrees that affect religious freedom and practices are frequent. In addition, unofficial policies, practices, and interpretations reduce or eliminate officially promised rights, as in Turkmenistan where "governmental entities at all levels, including the courts, have interpreted the laws in such a way as to discriminate against those practicing any faith other than Sunni Islam or Russian Orthodox Christianity."<sup>8</sup>

Overall, religious freedom is restricted throughout the region, according to assessments by foreign governmental agencies such as the U.S. Department of State; by multinational organizations such as the Organization for Security and Cooperation in Europe (OSCE); and by human rights nongovernmental organizations (NGOs) such as the International Helsinki Federation for Human Rights. For example, all five countries require religious organizations to register but sometimes reject their applications. Depending on the country, unregistered groups may be prohibited from meeting, acquiring property, hiring employees, establishing bank accounts, and distributing religious material. Articles posted on the three Web sites studied and articles from other Internet, print, and broadcast news media report on a variety of abuses of religious rights.

## The Mass Media Setting

Juraev classified the five press systems into three models: "authoritarian-democratic" in Kazakhstan and Kyrgyzstan; "post-conflict" in Tajikistan; and "total control" in Uzbekistan and Turkmenistan.<sup>9</sup> Whether such precise categorization is possible, similarities among them outweigh differences when evaluated by press rights and human rights advocates. On paper, the five constitutions guarantee press freedom. Uzbekistan's Art 29, for instance, provides: "Each person has the right of freedom of thought, speech, and belief. Each person has the right to seek, receive, and disseminate any information, with the exception of information directed against the existing constitutional order and other limitations established by law. Freedom of opinion and the expression of opinion may be limited by law for reasons of state or other secret." Yet the regimes regard a free press as a threat and believe a controlled press can be a potent tool to retain power. As a result, the mass media retain much of their pre-1991 psyche. They depend on governmental approval and subsidies for survival, are subject to arbitrary and often repressive regulations, and lack a market-based economic foundation. In Uzbekistan, Saipov wrote that the government is "trapped between two fires: Western pressure and the people's pressure. On the one hand, the government desperately wants direct foreign investments; on the other hand, it does not want domestic upheavals created by a free press."<sup>10</sup>

With most print and broadcast media either owned by or tightly controlled by government, journalists exercise self-censorship with or without official censorship. Incidents of repression encourage further self-censorship, as occurred in Kazakhstan in 2003 after opposition journalist Sergei Duvanov

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<sup>8</sup> A. Sultangalieva, *Legislature on Religion in Central Asian States as a Reflection of Relation between Religion and Politics: Changes and Perspectives*, Paper delivered to the Central Eurasian Studies Society, 2000.

<sup>9</sup> See: A. Juraev, "The Uzbek Mass Media Model: Analysis, Opinions, Problems," *Central Asia and the Caucasus*, No. 1 (13), 2002.

<sup>10</sup> Z. Saipov, *Uzbek Sense of Censorship: Source of Stability or Instability?* Paper delivered to the Central Eurasian Studies Society, 2003.



was imprisoned on what press rights advocates contend was a trumped-up rape charge.<sup>11</sup> Journalists who incur the anger of powerful interests may face jail, physical attacks, harassment, loss of jobs and licenses, tax audits, destruction of property, and expensive criminal and civil libel litigation. Some have been forced into exile, and some have been murdered.<sup>12</sup> One study examined the retaliatory consequences for independent television journalists who reported about homelessness, hazing in the military, governmental closure of a television station, and pension fund abuse; it concluded, "Common to these stories is the attempt of Central Asian governments to maintain official national narratives by silencing alternative perspectives."<sup>13</sup>

Criticism from foreign governments, press rights advocates, and human rights groups appears to have had little impact on anti-press policies, and Western institutions have been reluctant to apply strong pressure. However, in April 2004, the European Bank for Reconstruction and Development suspended most of its public loans in Uzbekistan, citing "very limited progress" in achieving promised human rights and press freedom benchmarks. And in July 2004, the U.S. State Department decided not to certify Uzbekistan for up to \$18 million U.S. in foreign aid, citing lack of progress on democratic reforms. That was a turnaround from previous U.S. policy; as late as January 2004, the Bush administration cited national security as its rationale for why Uzbekistan could remain in a cooperative threat reduction program despite a substandard human rights record.

Foreign entities such as OSCE, Internews, International Center for Journalists, British Broadcasting Corporation, Open Society Institute, and Freedom House have offered training to professional journalists, although authorities have suspended some of their operations. Still, the prospects for wide-scale improvement in professional standards, ethics, and skills is impeded by: scarce resources; low salaries for journalists and journalism educators; lack of media independence; low trust in the integrity of the media; lack of societal expectations of fairness, accuracy, and balance; and inadequate training.

There is a widespread belief that the mass media should serve as an agent of state-building and nationalism, and that the press owes its principal duty to the state and the government, not to the public. Muminova described journalism as "a weapon of mass ideological contamination. In this respect any press, either truthful or lying, is a very efficient method of creating identities."<sup>14</sup> One ramification, as Khamagaev observed, is that "investigative reporting in the true sense of the word is a rarity in Central Asian countries. Political partiality, pressures from authorities and criminal groups, and meager wages are major factors hampering progress in this sphere."<sup>15</sup>

## Convergence of the Religion and Mass Media Settings

In the United States, religion was traditionally regarded as a "soft news" or feature beat, punctuated by coverage of occasional hard news events such as a pontifical visit, the prosecution of corrupt

<sup>11</sup> See: V. Abisheva, "Self-censorship Rife in Kazak Media," *Institute for War and Peace Reporting*, RCA 207, 27 May, 2003.

<sup>12</sup> See: R. Shafer, E. Freedman, "Obstacles to the Professionalization of Mass Media in Post-Soviet Central Asia: A Case Study of Uzbekistan," *Journalism Studies*, No. 4 (1), 2003.

<sup>13</sup> I. Sigal, J. Machleder, *Independent Media and Alternative Narratives in Central Asia*, Paper delivered to the Central Eurasian Studies Society, 2003.

<sup>14</sup> F. Muminova, "National Identity, National Mentality, and the Media," *Central Asia and the Caucasus*, No. 5 (17), 2002, p. 135.

<sup>15</sup> A. Khamagaev, "Investigative Reporting in Central Asian Countries," *Media Insight Central Asia*, No. 30-31, 2002, p. 1.

clergy, or a controversy over ordination of women and homosexuals.<sup>16</sup> There were occasional religion-related hard-news mega-events involving what the press disdainfully labels “cults” or “sects,” such as the 1978 mass suicides-murders of 914 members of the People’s Temple in Jonestown, Guyana, and the 1993 siege and attack by law enforcement agents on the Branch Davidian compound in Waco, Texas. That attitude within U.S. journalism is changing—fueled in part by exposure of widespread sexual abuses by Roman Catholic priests, political activism by some religious organizations, and criminal misuse of funds by some religious leaders. As a result, some news organizations now put more resources into covering religion as hard news.

By contrast, a major product of Central Asia’s tightly restricted media systems is the absence of frequent, substantive press coverage about religious freedom and practices. That includes investigative and analytical reporting by domestic newspapers, magazines, and television and radio news broadcasts. Joshua Machleder, then of the media support NGO Internews, explained to the lead author, “Religious freedom and restraint issues are controversial for reporting as they come into conflict with unofficial government campaigns against pious Muslims.”

In an examination of religious coverage in Uzbek language newspapers, Tokhtakhojaeva concluded that both state-owned and private media in Uzbekistan “are preoccupied by disseminating propaganda—a propaganda meant to imprint religious tenets disguised as national traditions, instead of promoting the principles of democracy and the rule of law.” That analysis cited the absence of coverage of Hizb ut-Tahrir, of the trials of party members, and of protests by wives and mothers of arrested religious activists. The domestic media also fails to provide “insight into real reasons why religious extremism gains momentum across the world, including in Uzbekistan... Hence, the uncritical news media proves inefficient in cracking down on outdated religious rules that throw society back and flings believers into the hands of religious extremism.”<sup>17</sup> Not all anti-press activity comes directly from governments. Kyrgyzstan experienced protests in front of its State National Broadcast Corporation headquarters after a TV journalist made comments that critics said linked Hajj pilgrims to Mecca with prostitution by Kyrgyz women and girls in the Middle East.<sup>18</sup>

As a result, much of the in-depth reporting about religious issues in Central Asia appears instead in foreign media outlets such as the BBC or Russia-based news organizations, both traditional and on the Internet. For independent Central Asian journalists, Western-based Web sites that cover a broad range of news, such as IRIN News, Eurasianet, and IWPR, offer forums for reporting about religion news.

This article examines the types of coverage of religious freedom, practices, events, and constraints that appear on these sites. These three sites were studied because they are nongovernmental and provide a significant amount of English-language coverage about public affairs, including human rights, in all five countries. Most of their stories are original, unlike Web sites that primarily repost articles generated by other news organizations.

- IRIN News is run by the Integrated Regional Information Networks, a unit of the United Nations Office for the Coordination of Humanitarian Affairs. Coverage includes the five former Soviet republics. Regular topics include environment, the economy, food security, refugees, health, gender issues, democracy, and natural disasters as well as religious and human rights. It posts in English but not Russian.

<sup>16</sup> See: B. Brooks, G. Kennedy, D. Moen, D. Ranly, *News Reporting and Writing*, 6th Edition, Bedford/St. Martin’s, Boston, 1999; S. Willey, *Pictures inside our Heads: Reporters’ and Sources’ Views of a Series of Religion News Stories*, Paper delivered to the Association for Education in Journalism and Mass Communication, 1998.

<sup>17</sup> M. Tokhtakhojaeva, “A Review of Islam and the Media in Uzbekistan,” *Media Insight Central Asia*, No. 22, 2002, pp. 1, 3.

<sup>18</sup> See: K. Chekirov, S. Jumagulov, “TV Show Offends Muslims,” *Institute for War and Peace Reporting*, RCA 258, 21 January, 2004.

- Eurasianet is operated by the Open Society Institute's Central Eurasia Project and provides news and analysis about the five republics. Its coverage includes human rights as well as environment, economics, and culture. Some articles are posted in Russian as well as English.
- IWPR is an international media development NGO based in London. Its reports on events in Central Asia include human rights and social and political issues, and appear in English and Russian.

Language is an important consideration in evaluating the potential influence of these Web sites. Most Central Asians do not read English, and many do not read Russian. These sites do not post stories in ethnic languages. Limited availability of the Internet, relatively high expense, and lack of familiarity with computer technology among the vast majority of Central Asians mean few can read them directly. Most readers are believed to live outside the region.

## Limitations on Internet Access

Internet access remains difficult. There is little training available to develop Internet skills. Personal computer ownership and even cybercafes are unaffordable for most Central Asians; fewer than 1 percent of Uzbekistan's population uses the Internet.<sup>19</sup> One study found the Internet to be the least-used source of information about elected officials and health issues in Uzbekistan, ranking behind family, friends, neighborhood, television, radio, newspapers and posters.<sup>20</sup> Foreign NGOs provide free access and training centers for journalists, community NGO leaders, human rights activists, and other individuals. Interestingly, some Muslim leaders in Kyrgyzstan, worried about the impact of Protestant missionary efforts, have suggested using the Internet to "interest the young people with Islamic norms by chatting with Arab youngsters."<sup>21</sup>

Even for journalists, the Internet is not a routine work tool. In January 2004, Freedom House sponsored training sessions for about sixty professional journalists in Uzbekistan. A survey of participants by the lead author found that 41 percent of respondents use the Internet less than once a week or never in their reporting and research; 54 percent reported no Internet access at their newspaper, television, or radio station.

Also, governments have blocked Web sites. For instance, some foreign sites were blocked in Uzbekistan for posting articles about purported official corruption, and sites in Kazakhstan also were blocked. The Web study found that 42 percent of respondents reportedly believed that Uzbekistan's government monitors Internet activity, and 46 percent said that users cannot access some sites because of government policies. Overall, however, there has been only limited and sporadic censorship of religious Web sites, with the most extensive controls imposed in Uzbekistan and Turkmenistan; Uzbekistan has blocked foreign-based sites that carry news about religious developments.<sup>22</sup> Some authorities worry about Internet coverage of religion-related news. An Uzbek National Security Service

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<sup>19</sup> See: B. Pannier, "Uzbekistan: Internet Usage up, but Controversial Websites Blocked," *Radio Free Europe/Radio Liberty*, 21 January, 2003.

<sup>20</sup> See: C. Wei, B. Kolko, J. Spyridakis, *The Effect of the Internet on Society in Uzbekistan*, Paper delivered to the Association of Internet Researchers, 2003.

<sup>21</sup> A. Ismanov, "Protestants in Kyrgyzstan Face Hostile Reception," *Eurasianet*, 8 December, 2003.

<sup>22</sup> See: I. Rotar, "Central Asia: Only Limited Censorship of Religious Websites," *Forum 18 News Service*, 22 April, 2003.

officer reportedly told a member of a Protestant church after a four-hour interrogation, “Just don’t publish an article about our conversation on the Internet.”<sup>23</sup>

Although articles may be posted in Russian on Eurasianet and IWPR, and although some stories are reposted in Russian on Ferghana.ru, that does not ensure widespread availability. Even so, the articles on these three sites may have a potential or actual impact or influence within the five countries. Central Asians who read them are apt to be better educated, more influential and, perhaps, leaders or potential leaders in government, business, academia, mass media, or NGOs. As Bukharbaeva and Samari observed, “With the arrival of the Internet, information has become accessible to more people—certainly the elite—and officials are more likely to be forced to react to controversial reporting that digs up facts they would prefer to bury.”<sup>24</sup>

Domestic journalists who see these stories may sometimes follow up with their own reporting for their own media organizations. Stories may be picked up by Radio Free Europe/Radio Liberty for translation and broadcast in Russian or ethnic languages. IWPR program manager Saule Mukhame-trakhimova told the lead author, “If you want to reach a wide audience in Central Asia, you rely on republication in the local press” in ethnic languages such as Tajik and Kyrgyz.

## Religion Issues Covered

This study used a content analysis of news stories in which religion in the five republics was the dominant topic and which were posted on the three Web sites in 2003. It excluded stories in which religion was secondary or tangential, such as those about human rights in general. Only articles original to the sites were included; articles reposted from other sources such as Radio Free Europe/Radio Liberty, were excluded. The study also excluded editorials, opinion columns, question-&-answer articles, and stories labeled “commentary.” There were twenty-three relevant articles: seven on Eurasianet, fourteen on IWPR, and two on IRIN News.

Table 2

Primary Story Topics

	IRIN	Eurasianet	IWPR	All (%)
<b>Religion-related laws, policies, &amp; activities</b>	1	3	9	56.5
<b>Religion &amp; terrorism</b>	0	2	2	17.4
<b>Proselytizing &amp; conversion</b>	0	0	1	4.3
<b>Other</b>	1	2	2	21.7
<b>Total N=23</b>	2	7	14	

<sup>23</sup> I. Rotar, “Uzbekistan: ‘Don’t Report Interrogation on the Internet,’ Ex-KGB Tells Protestant,” *Forum 18 News Service*, 15 July, 2003.

<sup>24</sup> G. Bukharbaeva, A. Samari, “Ask No Questions, Uzbek Media Told,” *Institute for War and Peace Reporting*, RCA 202, 2 May, 2003.

Religion-related laws, policies, and governmental activities accounted for more than half the stories. They included news about legislation, decrees, statutes, and official or unofficial policies under which local, regional, or national governments restrict, regulate, or protect freedom of religion. Anti-religion activities by government included harassment, prosecution, seizure of religious materials, and closure of mosques, churches and other religious facilities.

Stories about religion and terrorism—particularly what the governments characterized as radical Islamist political movements—accounted for less than one-fifth of the total. Such stories included a direct link between religious believers or beliefs and acts of violence, warfare, and terror. There was only one story about proselytizing and conversion efforts by either Christian denominations or Muslim activists. About one-fifth of the stories fell outside those three categories (see Table 2).

## Selection of News Sources

Basic Western journalism values such as accuracy, fairness, and balance partly depend on the type of sources cited in news stories, and the credibility of those sources relates directly to public trust and confidence in a news organization. Western journalists are trained to seek multiple viewpoints and a variety of sources in covering conflicts and controversies. Reporters may interview stakeholders affected by an event, including partisans, independent experts, and independent observers; they also may use documents such as reports, studies, legal papers, press statements, and governmental records.

Options are more limited for Central Asian journalists who depend extensively on governmental representatives who are authorized and on official pronouncements. They quote comparatively few “ordinary” people, NGO representatives, and independent experts.

The study looked at elite sources—people affiliated with higher education institutions, government, religious leaders, leaders of religious political groups, NGO representatives, and other experts. It also looked at two types of non-elite sources: religious practitioners who were not leaders, and “ordinary” sources, who were described with such labels as “disabled mother” or “12-year-old boy from Khakan.”

Central Asian governmental officials and other experts accounted for 70 percent of named elite sources. NGO, international agency, and foreign government representatives accounted for about 16 percent of elite sources (see Table 3).

*Table 3*

**Named Elite Sources**

<b>Academic</b>	<b>2</b>
<b>Government or other expert</b>	<b>43</b>
<b>Religious leader</b>	<b>5</b>
<b>Foreign NGO, government, international agency</b>	<b>6</b>
<b>Domestic NGO</b>	<b>4</b>
<b>Leader of religious political group</b>	<b>1</b>
<b>Total</b>	<b>61</b>

Overall, half the stories cited at least one unnamed source—a person to whom information was attributed with less than a full name, with a pseudonym, or with no name. As examples, stories may have described them only as “a member of the Kyrgyz secret service who asked to remain anonymous,” “one protester,” or “Anvar, a university student in Shymkent.” Religious practitioners and “ordinary” people accounted for almost half the total unnamed sources used; perhaps they requested anonymity because they feared retribution or sanctions if they were quoted by name. The remaining unnamed sources were governmental, religious or religious political leaders, or other experts (see Table 4).

Table 4

Unnamed Elite and Non-elite Sources

Elite	
Government	2
Religious leader	1
Leader of religious political group	1
Other expert	3
Non-elite	
Religion adherent	2
“Ordinary”	4
<b>Total</b>	<b>13</b>

## Anonymity of Journalists

Journalists rarely use pseudonyms in Western media. Bylines signal professional accomplishment, especially on investigative or otherwise hard-hitting or analytical stories. Readers and opinion-makers may contact reporters to offer news tips and ideas for future stories. If a story triggers future developments, such as criminal charges, remedial legislation, correcting an injustice or political reforms, the reporter may receive accolades and professional rewards such as prizes or promotions.

Religious issues in Central Asia are politically sensitive—authorities often feel that “negative” reporting, even if accurate, makes them seem incompetent, insensitive, corrupt, uninformed, or lacking in leadership. Given potential adverse governmental reaction, it is not surprising that some Central Asian journalists find it wise to shield their identities in published reports. In addition, salaried journalists for state-owned or state-controlled news organizations may want to keep secret the fact that they freelance for independent news Web sites lest they lose their jobs; also, they may not want tax authorities to discover their extra income. The lead author’s survey of Uzbekistani journalists at professional training workshops sponsored by Freedom House in 2004 found that half the respondents sometimes report under a pseudonym.

Machleder of Internews explained to the lead author that use of a pseudonym is no guarantee against retaliation: “I think it’s almost like a whole series of rules that journalists who work in the region have and break in order to continue their work here. It is also because of the anonymity that

publication on the Web affords them, though within Central Asia the authorities can figure out who the journalists are. In the end, it's not really so hard. The authorities could follow the money (how payments are made to journalists); they could follow the representations of the news organizations; they can interrogate the people who are cited in interviews or subjects of the reports to track down who they are."

Each Web site has its own policy about using bylines that identify reporters, the lead author was told. Editors at IWPR headquarters in London decide whether to allow a pseudonym, in consultation with IWPR country editors within Central Asia and their correspondents. According to program manager Mukhametrakhimova, "We tend to go down the way of using pseudonyms rather than exposing our reporters to the unnecessary threat of danger. It's a hard choice, either a pseudonym or no story. They choose to have a story." Eurasianet writers can choose to use a pseudonym, according to editor Justin Burke, "although in one instance I wouldn't allow an Uzbek writer to use his own name, as I thought it foolhardy." Several Eurasianet writers were officially questioned after their stories appeared; "this is especially the case in Tajikistan where, at first, writers were less afraid to use their own names. That has changed over time, and now many are reluctant to use their real names." Unlike the other two sites, IRIN News does not use bylines.

After excluding IRIN News stories because they do not carry bylines, one-fifth of the remaining stories appeared with pseudonyms rather than with the reporters' true names.

### *Implications*

These three Western news Web sites are doing the type of reporting about important and controversial religion-related issues that domestic Central Asian media are unable to do because of governmental, cultural, and self-imposed restraints, and because of sparse resources. Certainly the Central Asian journalists who write for these sites have the professional skills to report about such issues with a multiplicity of views and with factual accuracy. For doing their job in a professional manner, however, they face risks at home while writing principally for readers abroad.

But why should the governments worry when most of the readership apparently lives outside Central Asia? For several reasons, among them the fact that many readers abroad are involved in economic, diplomatic, human rights, academic and other endeavors that may directly affect Central Asia. Also, immigrants from Central Asia, including political refugees and exiled religious and political activists, may use these Web sites for information about events at home. Meanwhile, as the Internet becomes more widely accessible and affordable, the potential domestic audience for such sites will expand, particularly if those sites make all stories available in Russian and ethnic languages or if they are republished by ethnic language media.

The findings underscore the reality that journalists reporting on controversial issues in the region—even journalists for foreign news organizations like IWPR, Eurasianet, and IRIN News—operate under rigid legal, political, and extra-legal constraints. That is evidenced by their use of pseudonyms and by the difficulty they have in persuading sources to allow their real names to be used in stories. As long as religion remains an explosive political factor in the region, any change in these patterns is likely to be slow in arrival. In the meantime, practicalities and caution are likely to continue discouraging or preventing journalists from freely practicing their profession for domestic media outlets.

## MUSLIM COMMUNITIES OF THE ROSTOV REGION

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A vast body of works has recently appeared by Russian social scientists who look into the dynamics of religious revival and re-Islamization in Russia. They mainly concentrate on administrative units with autochthonous Muslim populations, conflict areas, and non-Muslim regions, some of them fairly developed economically, which have found themselves at the receiving end of the "migration assault."

There are territories with predominantly Russian-speaking populations which, while subjected to migration pressure, have never experienced obviously ethnic-related problems. The Rostov Region (about which much less has been written<sup>1</sup>) is one such place: this does not mean, however, that it does not have its share of dynamics in ethnic and confessional relationships. There are such dynamics, which call for a detailed investigation to obtain a clearer picture of the changes in the ethnic and religious balance on the Don.

Shortage of empirical data has forced me to combine traditional sources with the participant-observer method and information from regional Internet publications and the local media. Meetings with members of Muslim communities of Rostov and the Rostov Region, as well as contacts with regional bureaucrats responsible for ethnic policies also provided a wealth of information.

\* \* \*

The Turkic-speaking peoples, one of the traditional elements of the Cossacks, are among the autochthonous Muslim groups in the Don area. Without going too far back into the past of the nomadic tribes and ethnic origins of the local people, I shall limit myself to saying that the earliest information about the Tatar-Cossacks on the Don dates back to the 17th century. "The Tatar settlements on the Don appeared no less than 400 years ago after the Russians had captured Kazan. Some of the Tatars moved to Bashkiria, Siberia, the Kazakh steppes, Central Asia and the Don."<sup>2</sup> They formed one of the ethnic groups and, "while being Cossacks in terms of social affiliation, the Don Tatars preserved all their cultural and everyday specifics, including religious (Islam) features."<sup>3</sup>

Relations with the neighboring mountain people played an important role in the life of the Don Cossacks, yet there were no deep-rooted Caucasian ethnic groups there, while those who did live in

<sup>1</sup> See: "Islam na Donu i Kubani," in: S.E. Berezhenoy, I.P. Dobaev, and P.V. Krainiuchenko, *Islam i Islamizm na Iuge Rossii*, Rostov-on-Don, 2003, pp. 202-208.

<sup>2</sup> V.S. Brezhnev, "Religiozno-etnicheskie gruppy Rostovskoy oblasti," in: *Mezhnatsional'nye otnoshenia segodnia*, Rostov-on-Don, Tbilisi, 1997, p. 54.

<sup>3</sup> *Donskaia istoria v voprosakh i otvetakh*, ed. by E.I. Dulimov and S.A. Kislitsin, Vol. 1, Rostov-on-Don, 1997, p. 86.



the region became assimilated into its social and cultural environment. The geographic location of the free people of the Don area, rightly called “the North Caucasian gates,” made contacts between the local Turkic-speaking peoples and Caucasian Muslims easier, which added certain specific features to the local Muslim community.

People from the village of Tatarka close to Novocherkassk (Tatars and Nogais whose ancestors had served in the Don Cossack Army) were the region’s earliest Muslims: the village had a mosque, while local self-administration was organized according to the Cossack pattern.<sup>4</sup> Over time, however, the village lost its mono-confessional image. Today it is mainly populated by Russian-speakers.<sup>5</sup>

It seems that until the late 19th century, the Don Tatar-Cossacks comprised the bulk of the local Muslims when Tatars from other gubernias, mainly from the Penza Gubernia, were invited to settle there. The contacts established at that time helped the Penza Tatars flee to the Don to avoid the dekulakization and repressions of Stalin’s time. The wave mounted by the late 1930s. These people formed the backbone of the Muslim community of the Rostov Region.

Another Muslim wave reached the city of Rostov and the Rostov Region after the Great Patriotic War (1941-1945) and in the years of the Komsomol construction projects. The local plant of agricultural machines and other industrial projects were built by those who came from all corners of the Soviet Union. There was a large group of Penza Tatars among them, attracted by kindred ties with the local Tatars. Since the late 1960s, people of Caucasian origin have been arriving in fairly large numbers to settle mainly in the region’s eastern districts: Zimovniki, Remontnoe, Zavetnoe, and Dubovskoe. A large number of young men and women from the Caucasus came to Rostov to study; many of them, after forming families, settled there permanently.

Disintegration of the Soviet Union caused another Muslim migration wave, predominantly from the Caucasus and Central Asia: many were prompted to migrate by the conflicts in the post-Soviet expanse, others moved for economic reasons in search of a better life.

According to different estimates, there are about 110,000 Muslims, or 2.5 percent of the region’s total population, in the region. The majority are Sunnis. (Today, there are 43,000 Muslims in the city of Rostov.) According to the 1989 population census, Chechens and Tatars were the two main ethnic groups of Muslims; the latter settled mainly in Rostov and other cities.

The events of recent decades changed the region’s ethnic composition and added new, specific features to the Muslim community. According to the All-Russia Population Census of 2002, the Meskhetian Turks are the largest ethnic Muslim group in the region; Tatars predominate in towns, even though the Azeri group is slightly bigger. The number of Chechens has dropped somewhat; most of those who stayed behind live in the countryside, there are no more than 2,000 of them in towns and cities. The number of people belonging to other Caucasian ethnic groups increased. This is especially true of the Azeris.<sup>6</sup>

A mosque built in Rostov in 1906 continued functioning until 1963 when it was transferred to the military and partly destroyed to provide a place for a military club. In exchange, the community was given a small dilapidated structure which it used as a mosque. The prayer house on Bartholomew St. functioned until the late 1970s when the community received another building on Turkestan-skaia St.

<sup>4</sup> See: *Islam na Donu i Kubani*, p. 205.

<sup>5</sup> See: M. Bondarenko, “V staniitse Tatarskoy ostalos chetyre doma.” An interview with Khashim Devet’iarov, deputy chairman of “Nur,” the Tatar Public-Cultural Organization of the Rostov Region [[http://regions.ng.ru/far/2001-04-10/2\\_house.html](http://regions.ng.ru/far/2001-04-10/2_house.html)].

<sup>6</sup> Here and in the Table, the returns of the population census were used (see: *Kratkaia sotsial’no-demograficheskaia kharakteristika naselenia Rostovskoy oblasti: Po dannym Vsesoiuznoy perepisi*, Part 1, Rostov-on-Don, 1991, pp. 198-201; *Rostovskaia oblast v tsifrakh 2003. Statisticheskiy ezhegodnik*, Rostov-on-Don, 2004, p. 44).

**Size of the Main Muslim Ethnic Groups  
in the Region**

According to the 1989 Census		According to the 2002 Census	
<b>Chechens</b>	<b>17,181</b>	<b>Meskhethian Turks</b>	<b>28,285</b>
<b>Tatars</b>	<b>17,132</b>	<b>Tatars</b>	<b>17,866</b>
<b>Azeris</b>	<b>10,215</b>	<b>Azeris</b>	<b>16,498</b>
<b>Darghins</b>	<b>6,179</b>	<b>Chechens</b>	<b>15,469</b>
<b>Avars</b>	<b>4,073</b>	<b>Darghins</b>	<b>6,735</b>
<b>Kazakhs</b>	<b>3,865</b>	<b>Avars</b>	<b>4,038</b>
<b>Lezghians</b>	<b>3,260</b>	<b>Lezghians</b>	<b>3,659</b>
<b>Uzbeks</b>	<b>2,174</b>	<b>Kazakhs</b>	<b>3,021</b>
<b>Kumyks</b>	<b>2,070</b>	<b>Tabasarans</b>	<b>2,231</b>
<b>Kyrgyz</b>	<b>1,665</b>	<b>Uzbeks</b>	<b>1,820</b>

In Soviet times, young people showed no interest in religion, yet during the major Muslim holidays (Ramadan, Kurban Bayram, etc.), several thousand people, mainly Tatars, gathered together in the mosque and outside it. Foreign students (nearly all of them from the Middle East, who came to study medicine at the Rostov Medical Institute) frequented the mosque.

The situation changed in the early 1990s when a religious revival began across the former Soviet Union. People from the former Soviet republics of Central Asia and the Caucasus—those who had come earlier, guest workers, students from the local higher educational establishments, and refugees—started attending the mosque regularly. Meskhethian Turks, Chechens, Azeris, and Daghestani peoples became part of the Muslim community of the city and region. Citizens of Turkey, Arab countries, Pakistan, India, and Afghanistan (mostly students and businessmen) preferred joint (primarily Friday) prayers, yet the local Tatars were still in the majority. In the early 1980s, Friday prayers attracted no more than 20 people (mostly elderly Tatars); 10 years later, attendance grew to about 100; on holidays over 1,000 people come. It is mainly young Caucasian and Central Asian migrants, as well as students from Muslim countries, who are swelling the ranks. The share of the local Tatars dropped considerably, yet most women attending the mosque are Tatars.

In the past, the mosque functioned under the aegis of the Mukhtasibat (Local Administration) of the Muslims of the Rostov Region, Moldova, Ukraine, and the Baltic Republics and de jure belonged to the Spiritual Administration of the Muslims of the European Part of the U.S.S.R. and Siberia (SAMES). In Soviet times, the local administration was the central one for the Muslims of the Union republics (later they became independent), but in fact the administration's activities were limited to the Rostov Region. When the Spiritual Administration to which the Mukhtasibat belonged fell apart, the local administration went through several legal restructurings.

The official Muslim clergy of the Russian Federation split after several transformations and set up new structures: the SAMES fell apart and was transformed into a Central Spiritual Administration of the Muslims of Russia (CSAM) with its headquarters in Ufa (according to tradition); the Spiritual

Administration of the Muslims of European Part of Russia (SAMER) and, sometime later, a Council of the Muftis of Russia (CMR) were set up with headquarters in Moscow. The split was also caused by the fact that in different regions officially registered communities followed different centers and acted simultaneously, often duplicating each other. This rivalry sometimes develops into mutual accusations of Wahhabism, which naturally affects ethnic and confessional relations (this happened in the community of the Rostov Region).

A Spiritual Administration of the Muslims of Rostov Region and the South of Russia, which follows CSAM, was set up on the basis of the local mukhtasibat, which has been headed by Tatar Djafar Bikmaev since 1982. The appearance of new leaders in the local community resulted in a Main Spiritual Administration of the Muslims of the Rostov Region (MSAM RR) being set up in Novocheerkassk to counterbalance the traditional structure. The new structure is headed by another Tatar, Fliur Arslanov. The new structure supports the SAMER and is part of it. Later the traditional structure was given a new name—the Central Spiritual Administration of the Muslims of the Rostov Region (CSAM RR). Today it unites about eight communities of the city and region which have no influence beyond this territory. The communities mainly unite Meskhetian Turks living in the Zernograd, Neklinovka, Vesely, and Egorlykskaia districts; the community registered in the Dubovskoe District is dominated by Chechens and Ingushes. In the not so distant past, the MSAM RR also had about eight communities—in Novocheerkassk, Shakhty, Gukovo, and some other places. On a decision of the law enforcement bodies, two of them were closed down.

It should be said that the larger part of the communities (especially in cities and towns) which follow either the MSAM RR or CSAM RR are formal structures set up according to the law, which gives centralized spiritual administrations alone the right to engage in economic activities and financial transactions. A large part of the money comes as donations and is mainly used for everyday needs, such as paying for public utilities, business trips for officials, etc. In fact, only the CSAM RR is engaged in permanent economic activities.

One of the present leaders of the Rostov communities, Avar Akhmed Abusupianov, represents the Coordinating Center of the Muslims of the Northern Caucasus (CCMNC) in Rostov and also has good contacts with the Spiritual Administration of the Muslims of Daghestan (SAMD). He is mainly supported by people from the Caucasus and some of the local Tatars, his authority being partly based on his reputation as a supporter of unity of the city community. As distinct from F. Arslanov, he did not set up (legally) individual communities oriented toward other centers, in particular, the CCMNC and SAMD. The CCMNC has no official office in Rostov.

Muslim leaders of the Rostov Region are often invited to religious ceremonies of other ethnic groups. Djafar Bikmaev, for example, regularly visits communities of Meskhetian Turks and Caucasian diasporas to take part in religious, frequently burial, rituals. Avar Akhmed Abusupianov frequently visits members of the Tatar community; until recently F. Arslanov was supported by people from the Caucasus and Central Asia, which aroused the displeasure of the Tatar community of Novocheerkassk.

The traditional and new leaders have different educational backgrounds. The most educated among them is mufti Bikmaev, who has been working in Rostov since the early 1980s. He graduated from the Mir Arab madrasah in Bukhara (one of the few that stayed open under Soviet power); spent several years studying at the Higher Theological Courses of the Theological Department of History and the Humanities at the Morocco Royal University in Fès; worked as deputy Supreme Mufti of the Muslims of Russia Talgat Tadjuddin; and represented the CSAM RF in the presidential administration and the Federal Assembly of Russia. It was due to his personal involvement that the Rostov community received a plot of land at the Northern City Cemetery in the mid-1980s. In 1993, he organized a direct flight from Rostov to Saudi Arabia for pilgrims.

Akhmed Abusupianov, on the other hand, has no religious education, but he is sufficiently erudite: born in Dagestan, one of the most religious (Muslim) regions of Russia, he learned the basics of Islam from his father and studied at a semi-secret religious school in Soviet times; he knows Arabic, has good knowledge of the Koran and Sunnah, and is a trained engineer.

F. Arslanov obtained a much more modest education: he only took religious courses at the Kiev madrasah (Ukraine). He compensates for his comparatively poor religious knowledge with hectic activities which sometimes disconcert both the faithful and officials. Still, he has earned the confidence of the SAMER leaders, who conferred on him the title of akhun of the Rostov Region.

The fact that F. Arslanov was appointed official representative of the Council of the Muftis of Russia in the Southern Federal Okrug showed the confrontation between the central spiritual administrations.<sup>7</sup> The CSAM responded by appointing Djafar-khazrat Bikmaev as the official representative of the supreme mufti in the same okrug.<sup>8</sup> These appointments, however, should not be taken to mean that the two structures have increased their influence on the spiritual administrations of the Northern Caucasus; the very existence of the CCMNC has not removed the contradictions between the structures that split for ethnic reasons.

It should be said that rivalry over official leadership does not affect common Muslims; only those parishioners who are actively involved in the life of their communities and take active part in all collective events are concerned about it. In the recent past, the continued rivalry between the central administrations was embittered by heated discussions of the plans to restore the old mosque to the Muslims and build another mosque in Taganrog; this negatively affected the communities of the city and the region. The heads of various communities vehemently accused one another of being incapable of dealing with the problem or of excessive haste when addressing it: there was the opinion that the pressure worsened the situation.

I have already written that the old mosque on the grounds of a military unit was partly destroyed and reconstructed. The military allowed the faithful to use it for festive prayer meetings which toward the end of the 1990s gathered a crowd of 1,500, yet the decision to transfer it to the Muslims was suspended. The Spiritual Administration headed by Bikmaev obtained a plot of land in the very center of Rostov, yet for want of money the project did not progress beyond the ceremonial laying of the first stone. A new mosque appeared in 2002 in a different place, on Furmanov St., making the question of giving the old mosque back to the Muslims redundant.

Both construction projects provoked a lot of conflicts with those who lived nearby and who were concerned that the new mosques would be frequented mainly by “people of Caucasian origin” (on the whole, the local people are loyal toward the local Tatars). This can be said about nearly all the mosques built in areas with a predominantly Russian-speaking population. In fact, this is not a manifestation of religious intolerance, but rather of elements of Islamo-phobia and Caucasus-phobia in the country.

Turkish businessmen with whom mufti Bikmaev had good contacts and local Muslims (local businessmen among them) helped build the mosque. Some of the local enterprises, the Rostov Helicopter Plant was one of them, deemed it necessary to help too. The new mosque can hold about 1,500 in its two halls—for men (accommodating 800 people) and for women—the women’s hall being somewhat smaller; and there are rooms for Sunday classes.

Since the very first day, the Friday prayer meetings have been gathering 300 to 400 people, while the main religious holidays attract over 2,000 (some of them coming from the region’s distant cor-

<sup>7</sup> See: “Sovet muftiev Rossii naznachil svoego predstavitelia v Iuzhnom okruge” [<http://www.kavkaz-uzel.ru/print-news/news/id/560533.html>].

<sup>8</sup> See: “Djafar-khazrat Bikmaev naznachen predstavitelem predsedatelja Dukhovnogo upravlenia musul'man Rossii po Iuzhnomu federal'nomu okrugu v dukhovnom zvanii naiba verkhovnogo muftia” [<http://www.rostov-gorod.ru/index.php?nid=7332>].

ners). Even though the region's faithful belong to various ethnic groups and various madhabs within Sunni Islam, there are no conflicts among them. Starting in the mid-1990s, the Russian language has been used for preaching in the central mosque of Rostov (in the old and later new building)—it is a major unifying factor. Since some of the elderly Tatar women who had problems with understanding objected to this, Bikmaev preaches in the Russian and the Tatar languages.

This mosque demonstrates a certain syncretism of the Hanafi and Shafi'i madhabs. The religious ceremonies are carried out according to the former, yet the collective "amen" that ends the reading of the obligatory Surah Al-Fatihah speaks of the Shafi'i influence. It was the Arab faithful, most of whom belong to the Shafi'i madhab, who introduced this tradition; it was supported by people from the Caucasus, who are mainly Shafiites. In mosque attendance the local Tartars are trailing behind the North Caucasian and Central Asian Muslims, even though there are many more elderly Tatars among the mosque-goers; on Fridays, young men from the Caucasus and Central Asia prevail.

Taganrog, too, had its share of a mosque-related scandal: at first the local administration gave permission to start the construction. Later, however, when construction began before the project was endorsed, the city officials recalled their permission, accused mufti Bikmaev of unsanctioned construction work, and took the case to the City Court of Arbitration. On 18 December, 2000, the court ruled that the unfinished building should be removed. The faithful appealed to the Regional Court of Arbitration, which left the earlier ruling in force.<sup>9</sup> The criminal charge instituted against Bikmaev on the fact of illegal construction was soon dismissed due to the absence of components of a crime. The local Cossacks added fuel to the fire by beating up the watchman who guarded the construction site.

In fact, the Don Cossacks at all times have been against building more mosques—they regard them as a conflict factor. In 2002, the Smaller Cossack Meeting addressed three governors, including the governor of the Rostov Region, with a petition that said in particular: "The Don Cossacks are deeply concerned with the attempts of immigrant religious-ethnic groups to create seats of tension by building mosques." In an effort to justify certain decisions, the local Cossacks gave rather erroneous reasoning that: "There have been no mosques on the Don from time immemorial and people have lived in peace and harmony."<sup>10</sup>

These protests notwithstanding, the region is acquiring more and more mosques. In 2004, mosques in Proletarsk and Salsk, mainly attended by the local Ingushes and Chechens, were completed. In Salsk, members of the regional and district administrations attended the opening ceremony along with A. Abusupianov, one of the religious leaders.<sup>11</sup> Both mosques registered as autonomous religious communities, in fact siding with the official representative of CCMNC.

The head of the MSAM RR was directly involved in the project to build a mosque in an old Tatar cemetery in the village of Tatarka in Novocherkassk. The local community objected to this: some of its members believed that it violated the Shari'a. This problem, like similar others elsewhere, was resolved in the usual way: the project was dropped for want of money.

There was information that the Muslim community of Shakhty wanted a mosque of its own; while waiting for permission, a private house was used for religious purposes.<sup>12</sup> For some time the Muslims of this coal-producing town sided with the MSAM of the Rostov Region, after a while,

<sup>9</sup> See: "Sud v Taganroge postanovil snesti nedostroennuiu mechet" [[http://www.religio.ru/arch/03May2001/news/1113\\_print.html](http://www.religio.ru/arch/03May2001/news/1113_print.html)].

<sup>10</sup> Iu. Tumanov, "V Rostove-na-Donu sostoialsia Maly Krug Voyskovogo kazach'ego obshchestva" [<http://kavkaz.memo.ru/newstext/news/id/491903.html>].

<sup>11</sup> See: "Na Donu otkrylas eshche odna mechet" [<http://www.rusk.ru/newsdata.php?idar=710545>].

<sup>12</sup> See: "Mечет в казач'ем домике" [<http://www.relga.rsu.ru/n69/vita69.htm>].

however, F. Arslanov's attempt to sell the prayer house cost him his prestige among the community members.

For some time a small prayer house functioned in the western part of Rostov; it was mainly attended by Azeris and newly converted Russian speakers. Azeri Elman headed the community; some time after 2000 the community functioned independently, then it fell apart. The Azeri diaspora of Rostov is over 10,000 strong, yet it hardly affects the religious life of the Muslim community there. The level of religious feelings among the Azeris is low—they follow Shi'a-Sunni Islam at the everyday level by obeying some of the rules—while their national-cultural regional autonomy is much more active.<sup>13</sup>

There are mosques in the region, yet a large number of religious rituals are performed in private houses: apart from the traditional rituals of commemoration of the dead, Muslims frequently gather for collective Friday services in their own homes. The heads of the Rostov Medical Institute let its Muslim students, the larger part of whom are from the Near and Middle East, use a small room in the student's hostel. Most of the medical students, however, who come from the Far Abroad, prefer to attend Friday and holiday prayers in the city mosque. They do not influence the community life in any way and keep to themselves. On major holidays, they gather for collective events, to which their teachers and leaders of the Don community are invited.

As a rule, the local authorities meet the faithful halfway. According to Jawad Kebarov, who heads the community of the Zernograd District, the local soviet of the Golubovka village always allows the Meskhetian Turks to use the club for religious holidays. The district community cannot do much because it is poor: it limits itself to holiday prayer meetings and helps to carry out burial and commemoration of the dead rites. Things are much better in the Neklinovka District where Meskhetian Turks regularly gather for prayers on Fridays and holidays and collect money for the Rostov mosque, while some of its members give direct financial support to the construction project.

The Spiritual Administration of the Muslims of the Rostov Region sent several members of the community of Meskhetian Turks, D. Kebarov among them, to the Rizaetdin bint Fakhretin Islamic Institute at the CSAM of Russia, which is believed to be a "Tatar" religious educational establishment. It should be said that the share of the religiously educated people in the community of Meskhetian Turks (even among the youth) is much higher than in the Tatar and Caucasian communities. On the whole, in recent decades, the CSAMRR sent six people to the madrasahs of Russia (three from the Tatar community of Rostov, two Meskhetian Turks, and one person from the Morozovsk District). Two of them, including Nail Bikmaev, the mufti's son, who took the Koran-khafiz course in Turkey and who knows the Koran by heart, are studying at Al-Azhar University (in Egypt), one of the few famous religious educational institutions.

Several elderly Tatars do volunteer work at the city mosque, one of them graduated from a madrasah in Kazan by correspondence. They have enough knowledge to perform the basic Muslim rituals: marriage, burial, commemoration of the dead, etc. Some of the community members, not sent by the spiritual administrations, obtained their religious education independently. In fact, the basic religious needs of the Muslims of the Don (due to their highly inadequate religious knowledge) do not put any strain on the local clergy's religious knowledge. This, however, does not mean that their range of knowledge, normally limited to traditional orthodox thinking, should not be discussed.

Religious education has been always important; when perestroika began mufti Bikmaev started teaching Arabic in Rostov (enough to read the Koran and the main prayers) and the fundamentals of Islam to his students who were mainly Tatars. Later, when the religious revival began, Sunday cours-

<sup>13</sup> See: V. Voloshinova, "Azerbaidzhantsy Rostova otmetili prazdnik Novruz Bayram" [<http://www.kavkaz-uzel.ru/newstext/news/id/644548.html>].

es on the fundamentals of Islam and the Arabic language were opened in the old city mosque; they were attended not only by members of the Tatar community, but also by people from the Caucasus and Central Asia. For some time, Turkish citizens who studied at Rostov State University and members of the Sufi Nurjular order were invited to teach there and in the Meskhetian communities. Upon graduation, these students preferred to go into business; those who wanted to open a Russian-Turkish educational center aroused the suspicion of the law enforcement structures; some were extradited, while the decision about the center was suspended.<sup>14</sup> Today, an imam of the city mosque (a Meskhetian Turk educated in Azerbaijan) and A. Abusupianov teach at the Sunday school attended by 10 to 20 mainly young people.

The changes in the region's ethnocultural structure did not affect the ethnic relations on the Don with the exception of the conflicts with the Meskhetian Turks in the Bagaevskiy District. On the whole, as distinct from the Krasnodar Territory, the situation is stable; this means that politicians stir up conflicts around "Turkish question" in their own interests.

More than once I met Meskhetian Turks at home; invariably they said they were quite satisfied with their life in the region. Many of them point out, however, that they are concerned about the ideas of certain representatives of the local Cossacks regarding their continued stay in the Don area. This explains why the Meskhetian Turks who live in one of the villages of the Neklinovka District do not want to build a mosque; on the whole, however, they live peacefully alongside their Russian-speaking neighbors.<sup>15</sup>

In the region's eastern part, the local people quarreled with Chechen migrants. The fight between them in the village of Bogoroditskaia on 8 March, 2001 stirred up a wave of unrest in several districts. The local Cossacks responded with demands that the Chechens be evicted from the Don area. The Chechens themselves said that "it was the Chechen migrants, not the local people, who started the fight."<sup>16</sup> According to the administration, all ethnic conflicts in the region's east are provoked by economic problems and lack of grazing grounds.<sup>17</sup>

At the same time, the relations between the Muslim clergy and the secular authorities are, on the whole, normal and constructive; they fruitfully cooperate in conflict settlement. Leaders of some of the communities are regularly invited to round table discussions and conferences attended by the city and regional administration; Muslim leaders can often be seen in the office of the President's Representative in the Southern Federal Okrug, where they discuss urgent problems, etc. On the whole, the clergy is satisfied with the situation in the ethnic and confessional sphere, describes it as normal, and says there are no radical or extremist groups and organizations on the Don.<sup>18</sup>

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To sum up. In the past few decades, certain ethnic and confessional changes have taken place in the region. Today, ethnic groups without historical roots in the region have taken first place among the Muslims in terms of numerical strength. This has affected relations within the Muslim communi-

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<sup>14</sup> See: *Vecherniy Rostov*, 19 April and 10 May, 2001.

<sup>15</sup> See: E. Sleptsova, "Osedlye stranniki. Turki-meskhetintsy vpolne mirno sosedstvuiut s kazakami v nebol'shom sele v Rostovskoy oblasti" [<http://www.newizv.ru/news/2004-03-25/5447/>].

<sup>16</sup> S. Kisin, "Rostovskaia oblast: vesennee obostrenie khronicheskoy natsional'noy problemy" [[www.strana.ru/topics/66/01/03/20/53397.html](http://www.strana.ru/topics/66/01/03/20/53397.html)].

<sup>17</sup> See: "V Rostovskoy oblasti mezhnatsional'nye i khoziaystvennye protivorechia tesno svyazany mezhdu soboy" [<http://kavkaz.memo.ru/printnews/news/id/655131.html>].

<sup>18</sup> See: A. Shapovalov, "Djafar Bikmaev: 'Na Donu shakhidov net'" [[http://www.ng.ru/regions/2003-09-16/4\\_bikmaev.html](http://www.ng.ru/regions/2003-09-16/4_bikmaev.html)].

ty. The fact that the spiritual administrations of the Muslims of Russia became divided institutionally and legally negatively affected the power struggle inside the community. Russia's economic imbalance and the Don area's relative attractiveness for immigrants are responsible for the steady increase in the Caucasian and Central Asian diasporas' influence on the everyday life of the local Muslim community. In this respect, much depends on the position of the young Tatar clerics who potentially may claim leadership.

Despite the relative autonomy of the ethnic groups (the traditional Tatar diaspora and the newcomers), certain integration processes are underway in the Muslim community. Contrary to what researchers say about the "self-contained" nature of the Meskhetian Turk communities, they are successfully adjusting to the local conditions. The same can be said about the Caucasian diasporas as well.

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## RUSSIA AND AMERICA IN CENTRAL ASIA (*An Attempt at Comparative Analysis*)

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At different times, the term “Central Asia” denoted different concepts depending on whether a geographer, politician, paleontologist, economist, historian, or linguist was using it. All of them, however, had to take into account the alignment of political forces responsible for the prevailing trends and developments. In the colonial period, Central Asia was known as “Sredniaia Azia,” a term which applied to certain areas within czarist Russia and to certain republics within the Soviet Union’s borders.

At one time, General Andrei Snesev, an outstanding explorer of the region, wrote: “I regret to say that the very complicated developments in Central Asia were not investigated by scholars, impartial and sober interpreters of what they see, but primarily by politicians and nationalists who preferred to ignore objective reality and the way it affected the local context. They were looking for what they wanted to find, what was interpreted in their favor, and accepted their findings as the starting points for their political and military ventures. It was politics and political considerations that guided the studies of countries and people.”<sup>1</sup>

Indeed, as soon as England captured Hindustan, Central Asia became an area of Russian-English rivalry. The former expected the English to succumb to the temptation of conquering the seem-

<sup>1</sup> *India kak glavny faktor v sredneaziatskom voprose. Doklad predsedatelia sredneaziatskogo otdela obshchestva vostokovedeniia A.E. Sneseva*, St. Petersburg, 1906, p. 5.

ingly “no-man’s land” populated by the Central Asian Turks and to push on to Siberia. England, in turn, accused Russia of encroaching upon British possessions to gain access to the warm Indian Ocean. This doomed Afghanistan to the status of a buffer state for a long time to come. Its rulers tried independent policies: after routing two British military expeditions dispatched to subjugate the local tribes, the Afghan emirs began receiving huge sums of money from London in exchange for promised neutrality in the Russian-English rivalry. In turn, after conquering Central Asia (Turkestan) and failing to gain access to the warm seas, Russia dropped its intention. Stopped at the Pamirs, St. Petersburg was satisfied with Afghanistan’s neutrality. This was wise: tension in Europe was kept high by England and its allies, France and Turkey.

In the 20th century, after the October 1917 Revolution in Russia, Central Asia lived in relative political equilibrium, which looked stable from Moscow. At first glance, the Soviet Central Asian republics were quite content with their status of “Soviet socialist republics,” while their leaders looked and sounded like devout Marxist-Leninists to the extent that they never hesitated to hail the not always wise economic decisions and struggle against “religious prejudices” suggested by Moscow and preferred to ignore the local ethnic problems. This impression was superficial: the presidents of the newly independent Central Asian states came from the former party elite of the Soviet Union. It turned out that the republican communist party bosses had always felt and acted as sovereigns of the vast lands Moscow entrusted to their power. The republics were ruled by clans; corruption and the shadow economy prevailed everywhere; industry and retail trade were used to make rich the local communist bosses who dutifully shared the spoils with their Moscow patrons.

In the post-Soviet period, the republics found themselves in a chaos caused by disruption of the long-standing economic ties; ethnic problems came to the fore, while weapons, military equipment, and nuclear arsenals had to be redistributed. Under the banner of Boris Yeltsin’s populist formula, “Bite off as much sovereignty as you can chew,” the riches created by several generations of Soviet people were shamelessly plundered, while the liberal democrats who came to power in post-communist Russia promoted those who never learned to cherish their citizenship, nationality, party affiliation, and the future of nations and states. They concentrated on personal gains.

As soon as the emotions caused by the end of the Cold War had subsided, the situation started changing. The leaders of the West, the United States, and the Soviet Union saw the dissolution of the Warsaw Treaty, removal of the Berlin Wall, disintegration of the socialist camp, cutting down of Russia’s nuclear arsenals, etc. We all know that nature abhors a vacuum. The military and business circles of the United States and EU moved into the territories that had “suffered under the communist regime.” The onslaught was not only rapid, it was well prepared. The dramatic political events in the Soviet Union did not catch Western experts napping: they had already carefully investigated the huge advantages the U.S. and its allies would glean if events took this favorable turn. Moscow had no strength left to influence the course of events, while the local Central Asian elite had no time to adjust themselves to their sovereignty, vast natural riches, and huge amounts of unregistered armaments, nuclear weapons included. The new states’ capitals were besieged by foreign diplomats, journalists, secret agents, businessmen, and the military offering most sincerely to fortify the newly independent countries’ “national security.”

The way “sovereignty” and “independence” were interpreted was the key to the newly found statehood. Well-known American political scientist Zbigniew Brzezinski did a lot to destroy the Soviet Union; later he continued talking about Russia’s hostile intentions toward Central Asia, which he called “the Eurasian Balkans.” He was convinced that the new regional political elite “will not voluntarily yield the power and privilege they have gained through independence. As the local Russians gradually vacate their previously privileged positions, the new elites are rapidly developing a vested

interest in sovereignty, a dynamic and socially contagious process.”<sup>2</sup> The years of independence have demonstrated, however, that the national elite was by far homogenous: some of its members interpreted “sovereignty” and the nationalist slogans as a chance to get rich themselves by plundering what was left of the Soviet Union. Other, much larger groups supported the leaders in their efforts to stabilize the region through all-round and equal cooperation with all interested countries, Russia in the first place. This is confirmed by the Treaty on Extending the EurAsEC signed by Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan in October 2005.

Russia’s vital interests in Central Asia are explained by the need to ensure its national security, stability, and wider and stronger cooperation with its Central Asian neighbors rich in energy fuels and able to compete with any other country in export and import. We should not forget that the development of the regional statehoods has specifics of its own. First, not all local leaders have overcome the euphoria of sovereignty and remain too ambitious and too sure of their own importance on a global scale. Second, by bragging about their raw material and energy resources some of the local leaders have become too fond of talking about their special way of development and keep forgetting about human values. The local leaders, however, cannot ignore the deep-rooted ties with Russia (and they understand this). The region’s advantageous geographic and geostrategic locations allow the local leaders to tap these advantages to pursue independent development and seek close cooperation with most countries.

Any government is primarily concerned with national security. This term was first coined by the U.S. military-political establishment, and it was American experts and political scientists who clarified it. In the wake of World War II, the U.S. found itself a great world power “with influence in all corners of the world—from Japan to the Soviet Union’s western borders.”<sup>3</sup> The national security doctrine based on extensive and profound studies was regularly revised to be adjusted to latest developments. In the past, it was spearheaded against the Soviet Union and its allies; early in the 1990s, under the pressure of radical geopolitical changes, it was revised. Washington announced that America and its allies were no longer threatened by the Soviet Union and that the new national security conception concentrated on the struggle “for the most favorable conditions for American industrial companies.”<sup>4</sup> At first, Turkey was assigned the role of NATO’s vanguard in Central Asia, yet attempts to exploit the linguistic kinship of the Turkic-speaking nations (all local peoples with the exception of the Tajiks use Turkic tongues) failed.

As soon as the Soviet Union disappeared from the political map of the world, the newly independent Central Asian states became a testing ground for the revised American-NATO doctrine. What do Americans and their allies want to achieve in Central Asia? To answer this question, let us look at what two highly respected international experts say on the matter. One of them is Richard Giragosian, visiting lecturer for the U.S. Army Special Forces at the U.S. Army John F. Kennedy Special Warfare Center & School at Fort Bragg (NC, U.S.A.); the other is Roger N. McDermott, honorary senior research associate, Department of Politics and International Relations, University of Kent at Canterbury (U.K.). They agree that the United States and other Western countries concentrated on “the development of their [Central Asian states’] energy reserves and the challenges of securing export routes amid the competing interests of the regional powers.” However, “this long-standing energy focus has now been superseded by the pursuit of security and stability, within the prism of the global fight against terrorism.”<sup>5</sup> It should be said that early in the 1990s, while the

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<sup>2</sup> Z. Brzezinski, *The Grand Chessboard. American Primacy and its Geostrategic Imperatives*, Basic Books, New York, 1997, pp. 143-144.

<sup>3</sup> N.S. Leonov, *Osnovy natsional’noi bezopasnosti*, Lecture delivered at Moscow State University in the Spring of 1998 [<http://www.radonezh.ortodoxy.ru/oboz/n19-20/ob.htm>].

<sup>4</sup> *Ibidem*.

<sup>5</sup> R. Giragosian, R.N. McDermott, “U.S. Military Engagement in Central Asia: ‘Great Game’ Or ‘Great Gain’? *Central Asia and the Caucasus*, No. 1 (25), 2004, p. 54.

Soviet Union was falling apart, the White House did everything to strengthen its military position in the region. Americans talked to all leaders of the newly formed states and drew up corresponding documents which envisaged much more than merely economic issues. The authors quoted above say: "The U.S. approach to Central Asia was also driven by overarching geopolitical considerations, with the underlying goal of containing the influence of China, Iran and Russia."<sup>6</sup> They wrote in particular that the military of the local states which they call "failed" or "failing" were trained in America and Western Europe and said: "For the U.S. and NATO, the program also offered a unique venue for fostering a greater integration of these states into Western political and military institutions." The knowledge thus obtained was "also important in initiating a concerted effort to overcome the legacy of decades of outdated and inappropriate Soviet military indoctrination and training." More quotations in the same vein can be offered. What has been said, however, is enough to understand that military training was not limited to antiterrorist operations. The Central Asian military was trained by American special units that operate throughout the world under the slogan "Liberate the Oppressed!" In the United States these operations are known as Foreign Internal Defense and are paid for from the U.S. budget, their main aim being formulated as "development of democracy and protection of human rights." The Pentagon supplies the region's republics with the latest armaments under the Foreign Military Financing Program. In 1995, armed forces from Kazakhstan, Kyrgyzstan, and Uzbekistan formed a new joint peacekeeping unit called Centrazbat, which was to function under the auspices of U.S. CENTCOM.<sup>7</sup> Obviously these measures by the United States and NATO have nothing to do with the "containment" policy.

An objective observer of the seemingly good economic and political cooperation between the U.S. and NATO and the newly independent Central Asian states will inevitably conclude that military tasks are treated as a priority and that the U.S. and the West look at Russia, China, and Iran as their main adversaries. In this context, the Central Asian states serve as the base for deploying NATO containment forces. It should be added that American special units started re-training and re-arming the local armies in 1995, that is, long before 9/11, after which Washington launched a global counterterrorist operation. Today, the list of those wishing to penetrate the Central Asian market is rapidly growing. Stephen Blank, professor at the U.S. Army War College, wrote: "U.S. and Russian companies remain the major players in the contest to develop and export energy resources in Central Asia and the Caspian Basin. However, Chinese and Indian entities have become increasingly competitive in recent years." He has also pointed out that Iran and even Pakistan, which has lowered the tension in its relations with India, are striving to enter this energy market.<sup>8</sup>

From the viewpoint of international economic cooperation and the national security principles which each state elaborates for itself, this rivalry is beneficial. Certain, not always adequate steps taken by the United States and NATO cannot but cause concern: when the local countries were threatened by Islamist terrorists stationed in Afghanistan, they allowed America and its allies of the Endurable Freedom coalition to use their airfields.

Since that time, Afghanistan has held presidential and parliamentary elections recognized as legitimate by the world community. NATO, however, has not yet removed its troops from the country; there is information that it even plans to increase its contingent and cut down the number of American troops still stationed there in order to allow the Pentagon to move them to Iraq. This indicates there is no intention to stabilize the situation in the region.

<sup>6</sup> R. Giragosian, R.N. McDermott, "U.S. Military Engagement in Central Asia: 'Great Game' Or 'Great Gain'?" *Central Asia and the Caucasus*, No. 1 (25), 2004, p. 54.

<sup>7</sup> See: *Ibid.*, pp. 55-56.

<sup>8</sup> For more detail, see: S. Blank, "Central Asia's Energy Game Intensifies," *EurasiaNet*, 2 September, 2005.

The sociopolitical circles of many CIS countries (especially of the Central Asian republics) are very much concerned with the West's intention to use the Color Revolutions to "democratize" the post-Soviet territory. The Central Asian leaders fear that the successes scored in Georgia and Ukraine will urge the U.S. and EU to apply the pattern in Central Asia.

Recently, the public became aware of more active American and European efforts to use official channels and latent potential (including the specially created NGOs and public associations) to influence political processes in Central Asia. They are placing their stakes on stronger centrifugal processes in the CIS and seeking to re-orientate the CIS members away from political, economic and military aid coming from Russia (or China) toward the aid supplied by the West and its Central Asian allies.

Local experts believe that in acting this way the West is failing to take full account of the local traditions and specifics and that by planting alien political norms and values, the West risks upturning the precarious balance and triggering ethnic and religious conflicts. When saying this, they refer to the obvious stalling of the Greater Middle East conception formulated by the West, which has destabilized the situation there and discredited the democratic freedoms.

If realized, these plans in Central Asia and the Southern Caucasus may fail to create civilized opposition and political schemes approved by the West—they may bring to power radical political groups and turn these regions into seats of tension and instability, which will make it harder to develop their energy and raw material resources.

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## STATE-BUILDING vs. RESOURCE MANAGEMENT *(The Case of Azerbaijan and Its Oil Fund Management)*

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*D*ependency is what the state elite, be it government officials or the political leader, of the developing countries at the periphery make of it. That is, whether the economic ties of the periphery with the center lead to modernization and prosperity or dependency and underdevelopment depends on the development policies of the periphery states.

In that sense, analysis of the economic policies of a given government gives us insights about whether the country is heading to democracy and prosperity, or authoritarianism and underdevelopment. Such analysis is especially crucial for countries undertaking state-building process and development of their vast natural resources simultaneously. Azerbaijan provides a perfect example.

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

Multinational corporations may lead either to satellite-center relationship and hence underdevelopment of the periphery, or to prosperity and modernization at the periphery. What determines the outcome out of these two is the attitude of the government, specifically of the leader, of the host country. I argue that the dependency is what the state elite, be it government officials or the political leader, of the developing countries at the periphery make of it. That is, whether the economic ties of the periphery with the center lead to modernization and prosperity or dependency and underdevelopment depends on the development policies of the periphery states. In other words, *ceteris paribus*<sup>1</sup> the state has the control to determine the legal framework in accordance with which the foreign capital operates within the country. As such, it can control the impact of the foreign capital on economic development of the country. This is especially so in extractive industries. Since the extraction site has a fixed location, the resources are not easily transferable and the state rather than private parties has the ultimate control over the extraction sites, the government can be very demanding in terms of establishing the operative regulations of the foreign extraction and related companies.

There are several crucial tasks that the host countries need to fulfill in order to have the multinational companies contribute to their overall development. First they need to understand what they can expect from the multinational corporations and what they cannot, in other words, they need to accept the multinational corporations as self-interested actors working to maximize the profit of their shareholders. As the commercial director of the BP, which is the largest shareholder and operator of the oil and gas related projects in Azerbaijan, notes, "we are not an aid agency or a charity. Our purpose is to create wealth on behalf of our shareholders. Our interests will thrive if the societies in which we invest also thrive."<sup>2</sup> Namely, the multinational corporations and the host country may first have mutual benefits and can achieve these benefits as long as they cooperate. Second, they need to grow a middle class as large as possible by involving the local small businesses in the extraction related industries. Third, they need to grow a human capital by gaining know-how about the industry. Fourth, they must build institutions independent of political influence and protected by the constitution. These institutions must oversight the activities related to the development of the natural resources. Fifth, they must accumulate the natural resource income in a fund which is under the control of not the government and hence the president but of the private management council. Sixth, they must transform the income into long-term income-generating mechanisms for the national economy. The quintessential to managing natural resource wealth, which is predominantly oil in the Azerbaijan case, is to keep in mind that that particular resource sooner or later will have depleted. Therefore, in order to maintain the pace of the economy based on the natural resource development, the government must ensure that the resource income is being invested in new institutional arrangements and income-generating mechanisms that are capable of replacing the depleting natural resources. Joseph Stiglitz suggests that the government must build natural resource fund with stabilization and savings functions so that it can prevent the negative impacts of oil price volatility on the domestic economy. Lastly, they must ensure maximum transparency, accountability, and the involvement of the citizens in the decision-making process about how to spend the natural resource income.

Yet the first and foremost requirement, which must precede these seven tasks, is the willingness of the government to do so. After all, it is the government leader who is supposed to take initiative and start the whole process. Rather than seeking sources of legitimacy for his authoritarian tendencies, the

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<sup>1</sup> Unless the home countries of the multinational corporations coerce the host countries through diplomatic or military means to adopt normally-unacceptable regulations.

<sup>2</sup> A. McAuslan, Panel: "Caspian Oil Windfalls: Who Will Benefit?" hosted by the Open Society Institute and the Center for Strategic and International Studies, 12 May, 2003. Conference Proceedings, available at [[http://www.osi-az.org/cow\\_docs/osispeechbaku.pdf](http://www.osi-az.org/cow_docs/osispeechbaku.pdf)].

president must be willing to deprive his/her post of the authority to control the natural resource income, and let constitutionally protected institutions take that responsibility. It is also important for such institutions to establish through constitutional amendments rather than governmental legislation, because the latter makes such institutions still vulnerable to the president or the government's control. In a developing country, especially that whose economy is mostly based on the export of the natural resources, the level of observance of these tasks and the president's attitude with respect to giving up such authority can give us insight about whether the country is heading to authoritarianism and underdevelopment or democracy and modernization.

## The Case of Azerbaijan: Neither Democracy Nor Authoritarianism

Economic development does not necessarily entail political development, but democracies better survive in economically developed countries,<sup>3</sup> concludes Adam Przeworski. Regarding the same correlation between economic development and political development, Huntington contends that a certain level of initial authoritarianism is necessary and beneficial in order to establish the institutions necessary for the maintenance of long-term political stability. Having not yet fulfilled what these two theories imply, Azerbaijan seems to be a viable model in order to test both theories. Ever since its independence after the collapse of the Soviet Union in 1991, authoritarianism and democracy have come along hand in hand in Azerbaijan. Before advancing in detail to the political development of Azerbaijan, it is important to note that one should differentiate his/her approach to the regime during both Heydar Aliev and his son Ilkham Aliev administration while evaluating both in terms of democratization and political openness. The main reasons for differentiating between the two are the time frame and the associated regional, international, and domestic conditions concerning Azerbaijan. Moreover, I argue that Heydar Aliev had to be authoritarian in a sense, and could not afford to be more democratic since the maintenance of both regional and internal stability was crucial to attract foreign direct investment and start a long-term development project. The presence of multiple strong opposition parties would delay, if not prevent, the accomplishment of such policies. On the other hand, Ilkham Aliev has taken over the administration once the regional stability was maintained, the conflict with Armenia over Nagorno-Karabakh has been at least cooled down, and maximum number of foreign investors have already come in and started their projects to process the natural resources of Azerbaijan. Therefore, the Ilkham Aliev administration's challenge is the management of the natural resource development and transformation of this natural resource wealth into long-term income-generating instruments as well as ensuring that the citizens are equally benefiting from this wealth.

It is difficult to make a clear definition about the political system of Azerbaijan when it comes to authoritarianism versus democracy. Azerbaijan has experienced and keeps experiencing both simultaneously. As Swante Cornell notes, "Today, Azerbaijan is neither a democracy nor a clear-cut authoritarian state of the sort found in the Central Asian republics, with which Azerbaijan shares cultural, linguistic, and religious affinities. An active and diverse opposition, a relatively free press, and a vibrant political life exist in Azerbaijan. Opposition leaders (and the press) criticize the regime openly and harshly; they even organize demonstrations and rallies, something that would be unthinkable in

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<sup>3</sup> See: A. Przeworski, *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*, Cambridge University Press, 28 August, 2000.

Central Asia.”<sup>4</sup> In that sense, Azerbaijani people enjoy wide freedoms to articulate their dissent with the policies of the ruling party. However, the ruling party has also been marked by its similarly harsh counteract against the opposition activities. For instance, opposition leaders have been sued and banned from politics, sent to exile. Media channels, be it radio and TV stations or press, were closed. After all, the elections and democratic process have never reached the international standards. Moreover, the major problem in Azerbaijan regarding its democratization has not been about the legislation allowing democratic methods but about the conduct of them. For instance, before the second parliamentary elections in 2000, mainly in response to the international pressures, Azerbaijan have revised and improved the electoral legislation in order to allow the opposition parties to run in the elections. “Yet serious irregularities,” maintains Cornell, “in both the conduct of the elections and the subsequent counting of the votes have obliterated this progress and have cast serious doubt not only on Azerbaijan’s development in the direction of a more pluralistic society but also on its political stability.”<sup>5</sup> In that sense, Azerbaijan’s political system has swayed between opposition’s quest for democratization and the ruling party’s somewhat authoritarian tendencies.

### **Sources of Legitimacy for the Current Regime**

There are several factors which help the Ilkham Aliev administration consolidate its power to the extent that it violates democratic values and carries out a suspicious vote-count, and yet is not held accountable. The factors providing legitimacy to the policies of the Heydar Aliev administration are slightly different than those pertinent to the Ilkham administration. As noted above, there used to be both domestic and international concerns which made the former administration’s authoritarian tendencies somewhat legitimate, such as the need to find an urgent solution to severe poverty, and the insurance of land integrity against Armenia. However, in the latter case, international factors provide more legitimacy to the administration, even to the extent that regional and international concerns outweigh the domestic concerns. What are these domestic concerns which are outweighed? Today, as David Case reports, poverty is still severely affecting the Azerbaijani people. Non-oil economy dramatically has shrunk through the late 1990s; half the population lives at \$26 per month, and throughout the last decade millions of refugees from Karabakh region have lived in railroad wagons. In that regard, Case stresses, “The boom in Azerbaijan’s oil fields has remade Baku’s skyline but has left the majority of Azerbaijanis desperately poor.”<sup>6</sup> Similarly the watchdog group, Transparency International, describes Azerbaijan, after the suspicious 2003 elections, as one of the world’s most crooked countries. In addition to this economic underperformance, there is a major bribery scandal about the Aliev government, which consequently heated the citizens’ dissent about Ilkham Aliev administration, and increased public support for opposition groups such as Musavat. Furthermore there has not been much development in terms of political freedoms either. For instance, there is still suppression on the opposition activities; the presidential candidate and the chairman of Azerbaijan Democratic Party, Resul Guliev, is in exile, and ran the campaign over phone from New York. Similarly the co-chairman of the same party, Serdar Jalaloglu is in prison since the elections, and the public believes that the courts are highly influenced by and take orders from the regime.<sup>7</sup> Moreover, the international organizations that monitored the 2003 election described it as a sham, replete with voter intimidation, violence, ballot

<sup>4</sup> S. Cornell, “Democratization Falters in Azerbaijan,” *Journal of Democracy*, 12 February, 2001, pp. 181-191.

<sup>5</sup> *Ibidem*.

<sup>6</sup> D. Case, “Azerbaijan’s Crude Doctrine,” *Mother Jones Magazine*, July 2004.

<sup>7</sup> See: *Ibidem*.



box stuffing, and brutal repression. So to what extent do these domestic concerns impact the legitimacy of the Ilkham Aliev administration in the minds of the citizens? Given that he does not have his father's charisma, and will always be seen, at least by some, as not an elected but selected president, what factors contribute to his legitimacy? Or how does he justify the over-consolidation of power in his hand? Even though he does not have the reasons that his father used to justify his authoritarian policies, he has something more influential: international legitimacy.

It is international legitimacy in the sense that the ongoing oil and natural gas production projects, the pipeline projects involving several regional countries, the amount of investment already made, the role of Azerbaijan in "war on terror" etc., all these factors make a government change in Azerbaijan highly risky and undesirable to the states involved in these projects and to neighboring countries. They rather become willing to ignore human rights violations or undermining democratic process in Azerbaijan for the sake of having a solid, reliable administration. Especially the U.S. support constitutes the most important source of legitimacy for the Aliev administration. Starting in the early years of his government, Heydar Aliev had successfully used the oil companies and his Washington connections to establish reliable relations with the U.S. government and resumed the U.S. aid to Azerbaijan. In the maintenance of these good relations, Richard Armitage, the former Deputy Secretary of State, has played a crucial role. He initiated and co-chaired the U.S.-Azerbaijan Chamber of Commerce, maintained very close personal ties with the Aliev family dating back to the early years of independence. More importantly he remained the key person who established the business contacts between the Aliev administration and the oil companies for which he also provided consulting service. The personal connections transformed into \$7.4 billion project, "the contract of the century," with ten companies, including prominent Western oil companies: BP, Unocal, Conoco-Phillips, ExxonMobil, Chevron, and Pennzoil. These companies formed a consortium called Azerbaijan International Operating Company (AIOC) in partnership with the State Oil Company of Azerbaijan Republic (SOCAR). The consortium aims to extract the reserves amounting up to 7-13 billion barrels. AIOC has already invested \$4 billion for this purpose and is planning to invest \$10 billion more in the next few years. The amount of its oil and natural gas reserves and its geopolitical situation make Azerbaijan appealing for these companies and countries that they belong to. Caspian Sea oil reserve almost seems to be an alternative to Saudi Arabia in oil production. Their capacities are, respectively, 200 billion barrels (equal to \$4 trillion) and 250 billion barrels. Azerbaijan itself will be producing 1 million barrels of oil per day by 2008. Furthermore, the U.S. wants the oil flow through Azerbaijan rather than riskier routes crossing Russia and Iran. Besides its oil and natural gas production capacity, Azerbaijan's role in "war on terror" has also increased its importance. Heydar Aliev helped the U.S. in "war on terror" immediately opening Azerbaijan's air space to the U.S. jets, and in return received military aid. To the international community, Azerbaijan is a major oil producer and a good ally in war on terrorism. Case notes, "Azerbaijan's pipelines are regarded by the U.S. government as vital to America's oil supply." And he further stresses, "The war in Iraq further improved the Aliev regime's standing in Washington: Azerbaijan was one of the few Muslim nations that supported the war." When all these international factors put together, they provide a good amount of legitimacy for the Ilkham Aliev administration and a good chance of toleration (or ignorance by the international community) for its prospective authoritarian policies.

### ***Ilkham Aliev at the Crossroads***

The analysis of both regional and domestic context for Azerbaijan indicates that the conditions that the Heydar Aliev administration faced and the Ilkham Aliev administration has been facing are quite different. In parallel the expectations from these two are quite different as well. The simplest way of articulating this difference is as follows: Heydar Aliev had to start up a national enterprise

which would make use of the country's natural resources; such an enterprise was crucial in order to ensure a sustained regional stability and economic development, to attract foreign investment, and to eradicate the severe poverty; and in order to achieve that goal, Heydar Aliev had to sometimes suppress opposing voices that might endanger the formation of that enterprise. However, Ilkham Aliev is supposed to manage the enterprise that has already been started up. The challenges waiting for him are respectively ensuring the best return on investment possible, maintaining the optimal public spending and investment policy, providing maximum transparency on the government activity, and public involvement in decision-making on how to use the natural resource income. Despite the contextual difference between Heydar and Ilkham Aliev administrations, they yet share one crucial thing in common: availability of sources of legitimacy for their, respective, governments and their authoritarian tendencies. It was dominantly domestic source for Heydar Aliev. National security vis-à-vis Armenia in Nagorno-Karabakh, the severe level of poverty, and the necessity to urgently utilize the oil-gas resources are the essential elements in tolerating the authoritarian tendencies of Heydar Aliev. For Ilkham Aliev, the international context provides quite sources of legitimacy in case he cannot find it domestically through ballot boxes. Azerbaijan's crucial role in helping the U.S. in war on terror, the amount of already invested foreign capital, the expected return on oil and gas investment, the Caspian's capability to be an alternative world energy resource to Saudi Arabia; these are sufficient reasons for the international actors and especially for the U.S. to look the other way in case there are human rights violations or policies of the government conflicting with democratic values. At this point, Ilkham Aliev has to make a decision about the source of legitimacy he would seek for his government. Will it be through strong international connections or through the ballot box?

Whether to respond to these expectations or not is quite up to the will of Ilkham Aliev given that he possesses a strong international legitimacy. Basically he, I believe, would be still fine to many countries and especially to Western oil companies if he practiced a sort of authoritarianism as long as the fates of oil and gas projects are secured. Given the power accumulated in his hand, his preference at this point will have crucial implications on the future of Azerbaijan with regards to its political and economic development.

In order to trace prospective implications on political and economic development, it will be quite informative to analyze the oil income investment policies of the government. How does the government manage the oil income? Does it allow public participation in decision-making? Does the government allow maximum transparency about its activities with the natural resource income? Compared to the natural resource income management models, which were applied in the oil-rich countries from Alaska to Kuwait, what are the strengths and weaknesses of the natural resource income management plan of Azerbaijan? The analysis of the structure and operations of SOFAZ (The State Oil Fund of Azerbaijan) will provide important insights about, respectively, the government's tendencies toward democracy or authoritarianism; the prospects of the oil income, whether it will fade away or the government will be able to transform the depleting natural resources into income-generating mechanisms; and whether the government will seek to maximize its control over the natural resource income, or transfer the authority to the institutions which will be easily monitored and controlled by the citizens.

## **The Management of Natural Resource Income in Azerbaijan**

In order to avoid the past mistakes of the oil-rich, in this case oil-cursed, countries, Azerbaijan has committed to avoid extreme spending by establishing an oil resource fund, SOFAZ. Doing

so Azerbaijan seeks to control inflation which otherwise increases by the influx of the oil income into the market, and maintain exchange rate stability. Moreover Azerbaijan has employed a Poverty Reduction Policy in order to better use its oil and gas resources to alleviate the severe poverty in the country. In this regard, Azerbaijan is considerably prepared for managing its oil wealth with solid projects and policies, and it maintains continuous consultation with the IMF and the World Bank.

The current government in Azerbaijan believes that restoring energy production should precede reforming the society. In contrary to the reputable rentier states, or in other words, the oil-cursed countries in the Middle East, Azerbaijan is cautious not to distribute the oil income among the citizens based on their kinship with the ruling party or the government officials. The main policy regarding the oil income is to accumulate it in the SOFAZ after covering production-related expenses, and to use the dividends accruing from the fund in general infrastructure related development, concrete projects in economic transition, and country specific projects like alleviating the suffering of the refugees. The State Oil Fund carries out these projects, and in order to do so it gathers its income from different resources such as: revenues generated from the country's share of sales of crude oil and gas after deduction envisaged by the appropriate legislation; bonus payments; royalties, accrued payments from the PSA operators<sup>8</sup>; rental fees, for the use of state property by the foreign companies under oil-gas contracts; revenues generated from the sale of assets transferred to Azerbaijan; and lastly revenues generated from the investment of the fund assets.

Furthermore, Azerbaijan has launched a Poverty Reduction Policy through which it aims to use the oil and gas income to maintain a balanced economic growth for all industries. Despite a rapid growth in oil-related sectors, the foreign investment in these sectors has created relatively low number of employment opportunities. As noted in the project, "In 2002, about 5,000 people were employed in foreign oil companies in Azerbaijan (mostly living in Baku), and about 61,000 for SOCAR (of which 74% were men and 26% women) out of total labor force of about four million. Oil and gas sector development plays an important role in increasing state revenues but only creates a limited number of employment opportunities."<sup>9</sup> Recognizing such a bottleneck in the oil sector, the government has been dedicated to strengthen the non-oil sectors for job creation and to promote regional development programs, privatization, developing the financial and banking sector, and encouraging the growth of small and medium businesses. As Svetlana Tsalik noted before, Azerbaijan took advantage of being able to evaluate the previous experiences of the oil producing countries and take lessons from their mistakes.

However the authority issue, in other words, the control power over managing the oil wealth, be it accumulating the oil income in the SOFAZ, spending it for infrastructural renovations or for public needs, still seems to be problematic. Even though both Aliiev governments have employed various economic policies such as Poverty Reduction Policy, and undertaken institutional changes such as the establishment of SOFAZ for managing the oil income through continuous consultations with IMF and the World Bank, they as a ruling party or political figures have been highly criticized by the area specialists and human rights organizations for having tremendous power to influence these policies and institutions. In this regard, Nazim Imanov, Azerbaijan Parliamentary Budget Committee member, argues that "right now in Azerbaijan, the oil fund under the current law is under the control of one person; the president of Azerbaijan," and "regardless of whether we are talking about today's President or future Presidents, it is basically an unacceptable situation for the oil fund to be under the control of one person."<sup>10</sup>

<sup>8</sup> These are the companies which partner with the SOCAR in Production Sharing Agreements.

<sup>9</sup> "Poverty Reduction Policy," in: *Azerbaijan: Poverty Reduction Strategy Paper (PRSP)*, World Bank, p. 108 [[http://poverty.worldbank.org/files/Azerbaijan\\_PRSP.pdf](http://poverty.worldbank.org/files/Azerbaijan_PRSP.pdf)].

<sup>10</sup> N. Imanov, Panel: "Findings and Recommendations of the Caspian Revenue Watch" hosted by the Open Society Institute and the Center for Strategic and International Studies, 12 May, 2003.

Similarly Tsalik points to the importance of decentralization of power among the institutions and transparency of government operations in order to insure the country against the oil curse. She argues that the resource fund may have an excellent investment strategy and yet may collapse if it is completely subordinated to the President. Moreover, the fund can generate excellent returns and yet not benefit the citizens if there is no complete transparency regarding how the income is being spent.<sup>11</sup> She further argues that avoiding the resource curse requires further reforms that give a greater role to other branches of government, and making information and opportunities available for the citizens to observe and shape government fiscal policies. In regard to such criticisms, Azerbaijan's U.S. Ambassador Pashaev shed light on the issues such as transparency of the SOFAZ activities and the accountability of the fund. He noted, "To bring more public control to the Oil Fund, the government of Azerbaijan after intensive consultation with the IMF and the World Bank agreed to make changes in the law on the state budget and include the State Oil Fund expenditures as part of the state investment program in the consolidated, parliament adopted budget of Azerbaijan."<sup>12</sup> Apparently it is a big step in terms of making the information about the fund activities accessible to the public. Yet it is still questionable whether the citizens possess the means and knowledge to influence the fund's spending policies. Similarly in regard to the accountability of the fund's governing body, he notes that SOFAZ publishes quarterly reports on its revenues and expenditures and undertakes annual audits. These audits are carried out by the Parliamentary Chamber Accounts which is the supreme audit institution of the country. Yet again there is always the possibility for SOFAZ not to reveal information about its every activity. Moreover, given the power of the ruling party in the parliament, the supreme audit institutions would always be vulnerable to the influence of the ruling party. Therefore, the international community and the area specialists are still hesitant about the fate of democratization process in Azerbaijan.

***What Could Be Done  
in Terms of Decentralization of Power,  
Increasing Transparency and  
the Public Involvement?***

The Alaska Permanent Fund presents a good example for successful oil fund management. What distinguishes the Alaska Permanent Fund from its counterparts in the Middle East or Latin America is its fulfillment of three requirements which are as follows: transparency, checks and balances, and public involvement. Transparency is the key element to prevent the secrecy of the fund management that otherwise might lead to abuses and misappropriations by the government officials. Checks and balances aim to ensure power separation among the different branches of the government or institutions that are in charge of managing the country's natural resource development. Decentralizing the authority over the control of the natural resource funds, checks and balances seek to prevent the government officials from wasting the funds on unreliable and weak projects, channeling the funds into the businesses that they have personal connections with. Besides, it helps the government resist the temptation to spend heavily in the short run, at the expense of future generations, Tsalik maintains. At this point one particular point must be clarified: is the exhaustion of the natural resource funds in short

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<sup>11</sup> See: S. Tsalik, Panel: "Findings and Recommendations of the Caspian Revenue Watch" hosted by the Open Society Institute and the Center for Strategic and International Studies, 12 May, 2003.

<sup>12</sup> H. Pashaev, "Government Plans and Challenges in Managing Petroleum Wealth" hosted by the Open Society Institute and the Center for Strategic and International Studies, 12 May, 2003.

term something that should be avoided absolutely? Rather than in how much time the fund exhausted, the most important concern must be what the funds are spent for. As long as the funds are transformed into different types of income-generating mechanisms, the governments should be able to spend the funds regardless of time. At this point another crucial question arises: who will decide on what project is worth to spend the funds for? The third requirement, public involvement, seeks to ensure public participation in decision-making on what to spend the funds for. It aims to make the public an active player in decision-making process so that an overarching consensus can be reached about the use of the natural resource funds.

From the beginning the State of Alaska emphasized the decentralization of the control over the Alaska Permanent Fund. For this purpose, a separate non-political entity, the Alaska Permanent Fund Corporation (APFC) was created to manage the fund.<sup>13</sup> Doing so, the state isolated the management of oil funds from any possible political influence. Moreover, the State of Alaska provided an institutional protection to the fund by a constitutional amendment. From that point on, the fund activities had to be undertaken according to the guideline specified with the constitutional amendment rather than the legislation which could be influenced by the ruling party. Moreover, although independent of any political influence in its investment decisions, the APFC was accountable to both the government of Alaska and to Alaskan Citizens.<sup>14</sup> Furthermore, in order to provide public involvement in the fund management, the Governor Jay Hammond established the State Investment Advisory Committee, composed of representatives from consumer groups, business, government, and the public, to conduct hearings to gauge public opinion on the use of oil income.<sup>15</sup> Along with these hearings, the committee also organized public seminars in order to inform the citizens about the development of the state oil resources. The governor Hammond believed that people rather than government should decide how to spend the money, and encouraged the public participation to decide on how to spend the oil income. For this purpose the state encouraged public discussion through media and asked for comments directly from the citizens through the press channels.<sup>16</sup> After extended discussions about whether to use the Fund's income for economic diversification, for public works, or to provide annual dividends to Alaskan citizens, the citizens chose the dividend program.<sup>17</sup> Doing so, as the real owners of the state's natural resources the Alaskan citizens ensured that every individual directly benefits from the natural resource wealth.

By several aspects, the Alaska Permanent Fund could be a benchmark for Azerbaijan. The Aliev government keeping the natural resource income in off-shore banks has already eliminated potential suspicions about misuse or misappropriation of the natural resource income by the government officials. Going beyond that, the administration should be willing to bring the SOFAZ under constitutional protection, and limit the government's elevated control over the funds. Doing so, it would primarily invalidate the arguments that the fund is absolutely subordinated to the President no matter what institutions seem to control it. Secondly it would provide more transparency and give chance to the citizens to better monitor the activities of the fund. However making the information available is not sufficient in order to ensure public involvement in the decision-making process. The citizens must have a basic knowledge about the fund activities and alternative investment strategies. At this point it is crucial to distinguish between transparency and informed public participation. As Steiner notes,

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<sup>13</sup> See: S. Tsalik, *Caspian Oil Windfalls: Who Will Benefit?* Chapter 2: Natural Resource Funds, The Open Society Institute, The Caspian Revenue Watch Program, 2003, p. 22.

<sup>14</sup> See: *Ibid.*, p. 22.

<sup>15</sup> See: J. Kasson, "The Creation of the Alaska Permanent Fund," *Trustee Papers*, Vol. 5, Alaska Permanent Fund Corporation, 1983.

<sup>16</sup> See: "Alaska is Still Looking for Ways to Spend Its Revenues from Oil," *New York Times*, 14 December, 1980.

<sup>17</sup> See: S. Tsalik, *Caspian Oil Windfalls: Who Will Benefit?*, Chapter 2: Natural Resource Funds, p. 22.

whereas transparency is an access to information, informed public participation means that the public has the capacity to synthesize that information, form rational public opinion on it, and then advocate this in the public policy process. In order to inform the citizens in this regard, just like the State of Alaska could, the Aliev administration establishes public advisory councils which would consist of the representatives from the different segments of the Azerbaijani society. Arranging public hearings and seminars, this advisory board can educate the citizens about the natural resource development as well as advocate the citizens' views in negotiations with the industry and government representatives. The efficiency of the Regional Citizens' Advisory Councils established in Alaska after Exxon-Valdez oil spill proves the benefits of such councils in getting the citizens involved in decision-making. Through these councils the citizens had a chance to negotiate with the oil companies about their environmental concerns. Going beyond the mere environmental issues, the administration should also form a citizens' council to monitor the activities of SOFAZ, which would be mediator between the citizens and the government on how to utilize the natural resource funds. Such an involvement would also give more confidence to the citizens about what the fund is used for as well as more confidence in the Aliev administration.

### *C o n c l u s i o n*

When we look at Azerbaijan, we see a growing country which is equally likely to be either an authoritarian or democratic. What will determine the outcome is the preference of the political elite of Azerbaijan. It is their preference because they have always possessed the sufficient sources of legitimacy for their regime. That is, they could manage to be in the office and yet authoritarian in the absence of the citizens' consent. Heydar Aliev had his reasons to be authoritarian and suppress the opposing voices because the country's land integrity was at risk; the war with Armenia had to be ended; in order to insure long-term regional stability and development, foreign investors had to be attracted; and the opposing voices within the country would slow down the whole process. Therefore the Azerbaijani people were consent with the authoritarian policies of the administration as long as it worked to overcome the severe problems of the country such as land security and poverty.

Similarly Ilkham Aliev possesses the sufficient sources of legitimacy for his government, which would give him the luxury of being authoritarian despite the absence of the citizens' consent. However this legitimacy comes not from the domestic context but from the international community, western oil-gas companies and hence the Western states, somehow involved in the oil-gas development in the country. Relying on these strong connections, he could ignore the criticisms and become another authoritarian. Obviously the short period of time he has been in the office is not sufficient to judge about his tendencies toward either democracy or authoritarianism, however his policies regarding the vast oil wealth of the country give us the chance to predict about it. His administration has undertaken important progress in order to avoid the oil-curse that other oil-rich countries have been inflicted with. He established the necessary institutions for better management of the oil wealth. However he needs to go further and deliberately strengthen these institutions by transferring the power to manage this wealth from the Presidency to them.

## ARMENIA'S PARTICIPATION IN THE GLOBALIZATION PROCESSES

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Integration of the Republic of Armenia (RA) into the global trade and economic system, which began after 1991, is proving to be a far from smooth process. Its main focus is carrying out targeted reforms aimed at liberalizing trade conditions, opening up markets, and creating conditions for free competition. The steps taken have brought the country's economy closer to the standards of the World Trade Organization (WTO) and prepared the way for the republic's entry into this international structure. For example, a great deal of preparatory work has been done to improve the legislative base in the economy and in trade in keeping with WTO requirements. This preparatory work has been especially aimed at creating propitious conditions for equal competition, the development of small and medium enterprises, and the protection of domestic markets, as well as at encouraging anti-dumping measures. What is more, significant changes have been introduced into the Customs Code and legislation on the protection of intellectual property rights.

On the whole, Armenia's entry into the WTO has been difficult and rather painful for its transitional economy. It progressed slowly and had to surmount obstacles along the way, including those raised by certain public officials and the parliamentary opposition. Nevertheless, on 10 December, 2002, the WTO General Council in Geneva officially approved Armenia's membership in this organization. All that remains is for the republic's parliament to ratify the membership protocol. Thirty days after the WTO secretariat sends official notification that this procedure has been successfully concluded, the country will automatically become a full-fledged member of the World Trade Organization.

The RA believes that membership in the WTO will fortify its legal framework and market mechanisms aimed at ensuring its participation in international trade. What is more, after receiving the status of most favored nation, the republic will have the best guarantee of its access to the world economic markets, which, in particular, will make it possible for it to significantly increase export to the WTO member states due to the removal of trade barriers. At the same time, the country's investment climate will improve and the activity of foreign investors in various segments of its economy will increase.

As we have already noted, the transition to integration into the world economic system has been rather agonizing for Armenia. Shock therapy, which began with a devastating earthquake (at that time 25,000 people were killed and 500,000 were affected in some way or another) and the Nagorno-Karabakh conflict, damaged the republic's economy. The high inflation and abrupt rise in consumer prices which resulted from this put the total GDP in 1993 at no more than 50% of the same index for 1990.

In 1994, with the international community's support, the RA government began carrying out large-scale stabilizing measures. Since that time, intensive structural reforms have been conducted in the country: the currency system has been liberalized, state agricultural land, state companies, and

state enterprises have been privatized, and the financial and tax spheres have been reformed. Along with this, the state's role in the national economy has changed, free trade conditions have been introduced, trade barriers have been lowered or eliminated altogether, and measures have been adopted to make the national currency convertible and set a floating rate for it. The main tasks of the stabilizing reforms—to achieve stable macroeconomic indices, raise economic efficiency, and so on—have basically been accomplished. For example, during the last 10 years, growth has constituted an average of 6%. An abrupt rise was seen in 2001-2002, when it was equal to 9.6% and 11%, respectively, but then it fell once more to 6%, while between 1998 and 2001, inflation did not exceed 3%. The main guarantors of these achievements were agriculture and the light industry, the significance of which after the collapse of the Soviet Union and breakdown in traditional ties between the republic and other post-Soviet countries dramatically grew. The food industry, construction, the extraction industry, and the production and processing of precious metals have been undergoing dynamic development. But at the same time, the percentage of heavy industry has proportionally dropped.

The privatization which began in 1991 primarily affected the land and housing spheres. In this area, Armenia became the first CIS state to successfully complete the privatization of farm land (1991-1993). By 1999, almost 330,000 private farms (the average size of each amounting to about 1.2 hectares) were created in the country. They helped to resolve the food problem, that is, the republic's demands for agricultural products have been covered and favorable conditions for their export abroad have been created. In 1995-2001, the annual increase in this area amounted to 4.5%, even despite the drop in its share in the country's economy from 44% in 1994 to 25% in 2001.

The Law on Privatization and Demonopolization of State Enterprises and Incomplete Facilities adopted in 1992 formed the legal basis for privatization. By 1998, approximately 70% of small and more than 60% of medium and large enterprises were transferred to private owners. Vouchers circulated freely on the market right up until this program was completed (1998), and their market cost did not exceed 30-40% of the nominal. In 1998, a new law on privatization was adopted. It set the general pattern for this process and designated its main tools and principles, including ensuring equal competition in this area and attracting investments. These measures made it possible to either sell or hand over the management of several large enterprises and companies to foreign investors.

After 1998, the privatization process slowed down a little. The reason for this was the absence of efficient markets and developed infrastructure, the weakness and underdevelopment of the banking system, and other factors. Nevertheless, according to the data for 2000, 83% of medium and 90% of small enterprises had already been privatized in the country. The main target of this process was the energy sphere: unprofitable state enterprises were liquidated, and the infrastructure was gradually transferred to private owners. By 2002, privatization in this area was completed. Largely due to the timely launching of this mechanism, power engineering, which has always been considered a strategic industry in the republic, became a well-established system by 2004 with set market rules and began to bring in profit (for example, in 2004, the country produced more than 6.5 billion kilowatts of electricity, 5.78 billion kilowatts of which were used for domestic needs and 704 million kilowatts were exported).

Before the stabilizing programs were launched, the fiscal system was in a pathetic state: according to some data, in 1993, the budget deficit amounted to 54% of the GDP. It was partially covered by funds allotted by the republic's Central Bank. In 1992-1996, tax reform was carried out which ended in the adoption of a law (1997) regulating the tax sphere and laying the foundation for the formation of a contemporary tax system in the country. This made it possible to increase the corresponding revenue into the state budget: its percentage in the GDP increased from 10.9% in 1994 to 14.4% in 2001.



What is more, there was also a qualitative shift from direct to indirect taxation. As a result, in 2001, the budget deficit was reduced to 4.3% of the GDP (at the beginning of 1992 it was more than 50%). But dependence on foreign financing drastically grew: in 2001, more than 65% of the budget deficit was covered by foreign investments, as a result of which the country's foreign debt increased, reaching 905 million dollars (more than 40% of the GDP) in the same 2001. More than 75% of this sum constitutes debts to multilateral creditors (transnational companies, transnational banks), and 25% to states. In so doing, the RA received approximately 78% of its loans under concession conditions, which makes it easier to pay back debts. Targeted redistribution of loans was organized as follows: financing structural macroeconomic and social reforms and investing in specific projects in power engineering, agriculture, construction, and transportation.

The country's leadership began carrying out an independent monetary policy in 1993 after introducing its national currency (the dram) into circulation. At this time, the republic's banking system was not stable: the Central Bank's currency reserves could not ensure stability of the national currency, the macroeconomic situation was complicated, and the country was experiencing hyper inflation. But as early as 1995, the Central Bank was able to take inflation under control and stabilize the currency exchange rate. However, at that time (at the initial stage) the Central Bank's possibilities were extremely limited: it could only operate on the currency-exchange market and, later, on the credit market. Only after 1996 did the Central Bank have the opportunity to use market tools to control the country's currency market, as well as coordinate fiscal and monetary policy, which had a favorable effect on the interest rate: in state banks it dropped from 56% in 1996 to 18.7% in 2001.

In 1994, reform of the financial sphere began. Its goal was to consolidate and restructure the banking sphere, increase the capitalization of banks, and improve the legal foundation of activity in this sphere. Much was achieved in practice: fundamental laws were adopted regulating the activity of banks and delegating the country's Central Bank broad control powers, and the minimum threshold for bank capitalization was set (beginning in July 2005, a bank's capital could amount to no less than 5 million dollars). The Central Bank was able to react more efficiently to the situation, including with respect to so-called problem banks. Foreign banks gained access to the national market for the first time, and widespread privatization of the banking system was carried out: today there are 28 private banks in the RA (the last state bank was privatized in 2001). But this system is not developing as quickly as might be hoped. Banking reserves are no higher than 17.5% of the GDP, and the percentage of its private crediting is equal to 8%. The reason is insufficient capitalization of banks, the slowdown in legal reforms, and the underdeveloped system of banking credits.

The economy's dependence on export, which is largely for political and geopolitical reasons, has created prerequisites for increased activity of the country's leadership on the international investment market. The republic is striving to liberalize trade as much as possible by strengthening the legal foundations of its relations in this sphere with foreign states. Free trade conditions are being applied in the RA's relations with its main CIS partners (Russia, Ukraine, Georgia, Kyrgyzstan, Turkmenistan, Moldova, and Tajikistan). As a WTO member, Armenia has achieved most favored nation treatment in trade with several states. The liberalization of foreign trade conditions and the establishment of a floating exchange rate have made it possible for the country to join Art 8 of the Agreement on the International Monetary Fund.

There is a standard import tariff rate in the RA (two tariffs have been instituted—0% and 10%), but certain restrictions are envisaged here. They were introduced with respect to dual-purpose commodities (arms, drugs, nuclear materials), as well as for environmental, health care, and security considerations. Export goods are not taxed, with the exception of sensitive materials (explosives and radioactive substances), but the export of textiles to the European Union countries is licensed.

During recent years, the increase in import greatly exceeded the increase in export. In 1998-2001, the rates of the first amounted on average to 11.3%, and of the second to 0.4%. During this time, the balance deficit reached 9.5% of the GDP, it decreased a little by 2002 (to 8%), and in 2003-2004 to 6.6% and 6.1%, respectively. These results were reached on the basis of higher export growth rates than in previous years. Compared with the first post-Soviet years, the export structure had essentially changed. The main export articles are diamonds (36%), agricultural and food industry products (14%), and electric energy and ferrous metallurgy (12%).

The attraction of foreign investments, particularly from the private sector, is a key element of the republic's economic policy. For this purpose, it gradually eliminated tax-fiscal, administrative, and other restrictions which interfere with attracting private capital, and additional measures were carried out to improve the investment climate in the country and reduce the risks for investors. They include the above-mentioned widespread privatization of state enterprises, the development of infrastructure, and the increase in competitiveness of export products.

The results of these efforts are as follows: between 1991 and 2001, foreign capital (more than 900,000 dollars) was invested in the development of more than 2,000 private companies. These funds mainly came from Russia, several EU countries, the U.S., Canada, Iran, Syria, and Lebanon. A special feature of foreign investments in the RA is that most of their owners are representatives of the Armenian diaspora. What is more, the republic receives donor assistance from international institutions. Between 1993 and the present, the International Monetary Fund, World Bank, European Bank for Reconstruction and Development, and other organizations pumped a total of more than 800 million dollars into the Armenian economy. Here it is worth noting that whereas in the first years investments were mainly made in trade, recently they have increasingly been going into industry and the service sphere. (For example, in 2001, more than 50% of these funds were invested in industry, 40% in the service sphere, and 8% in trade.) What is more, foreign investors are attracted by the mining industry; between 1991 and the present, around 200 million dollars have been invested in the development of mines.

With the adoption of the Law on Foreign Investments in 1994, the republic declared an open doors policy in this sphere. According to western experts, Armenian legislation in investments is one of the most progressive and liberal of all the countries with a transitional economy. A noteworthy feature of national investment legislation is the absence of double standards in regulating direct investments by foreign and local investors with respect to restrictions in such areas as the environment, security, employment, and health care (a non-discriminating approach is used with respect to foreign investors). If unfavorable or unforeseen circumstances arise, the state guarantees the private investor full compensation of the funds invested. In so doing, there are no restrictions on full conversion or return of capital, including profit, dividends, interest, and revenue obtained from this capital, as well as taxes paid.

In order to attract foreign investments into the country, the RA has signed corresponding bilateral agreements on their stimulation and protection with more than 30 states, and similar agreements with another 25 countries are being drawn up. Along with this, Armenia is a participant in the International Convention on the Settlement of Investment Disputes and a member of the International Center for Settlement of Investment Disputes.

Globalization has had a great impact on the development of the republic's social and human resources. The transition to a market economy has given rise to the need to reform the social sphere, as well as to resolve questions relating to the protection of civilian rights and freedoms and to the standard of living and prosperity of citizens. The need has arisen for granting social guarantees, helping the population adapt to the new labor conditions, and protecting the most vulnerable social branches—health care and education. But despite the steps taken, the transition to a market economy has

proven excruciating for the social sphere. Only in recent years has the situation improved slightly: according to the human development index for 174 countries, the RA has moved up from 103rd place (1995) to 76th (2002).

Unemployment is the main social problem rearing its head as the republic becomes integrated into the globalization processes. In 2001, its level topped 15%, and in 2003 even reached 20%. In so doing, women constituted 64% of the unemployed, and those aged between 30 and 50, that is, the most economically active part of the population, made up 60%. In order to resolve this problem (and unemployment as a whole), the government hopes to organize special courses to retrain and provide people with professional skills, help small businesses to thrive, institute a program of social assistance for the unemployed, and improve the development of the labor markets in the country.

Unemployment issues are directly related to another inevitable consequence of globalization, the migration problem. For a country with a small population, the latter has become a serious test, between 1991 and 2001, more than 800,000 people left the republic (over 25% of its residents). According to the data for 2001, the number of workers amounted to 1.4 million people (45% in agriculture, 25% in industry, and 30% in the service sphere). The main reasons for such mass migration are the low level of income and the lack of protection of social and civilian rights.

Impoverishment and poverty of most of the population stand out among the social problems. The 12-year program to combat poverty (2004-2016) adopted by the government envisages reducing the poverty level from 50% to 19%. After its endorsement, several positive indicators appeared in the country, which made it possible to hope for a gradual solution to this problem. Most important, in 2004, employment in labor-intensive production branches increased and the labor market in construction and agriculture became livelier, which made it possible to lower the unemployment level by more than 10% in 2001 and 9.8% in 2003, as well as increase average wages (in 2004, they rose by almost 30%).

The problem of poverty has created another negative factor—it has promoted the spread of HIV infection in the country. Whereas in 1995, there were three AIDS victims in the republic, by 2000, this number had jumped to more than 1,500.

Another headache is corruption of the state system. Despite the achievements in carrying out liberal-democratic reforms (RA legislation in this sphere is recognized as one of the best among the CIS countries), corruption is hindering advanced development of the national economy.

As for inflation, it has never been one of the most serious problems in Armenia. 2004 was probably the tensest year, when the inflation level rose to 7%. Especially since this proved to be totally unexpected—experts had forecast a drop in inflation growth rates from 4.7% in 2003 to 3% in 2004. But this did not happen, since the increase in world food prices in 2004 stimulated an abrupt jump in bread prices in the country, which led to such a dramatic rise in inflation. All the same, the forecasts for the future are comforting: specialists predict a smooth drop in its level.

The market reforms in the country and its integration into the globalization processes on the whole are going successfully, but in so doing the republic is feeling both the positive and negative sides of globalization. Most experts believe its possible negative consequences to be Armenia's final registration as a member of the WTO (as we mentioned above, all that remains is for the republic's parliament to ratify the corresponding agreements), which will inevitably provoke a rise in price for the country's agricultural produce. This rise has already begun (since 2002, prices have risen on average by 10%). All the same, according to several economists, this jump will soon be partially compensated for by an increase in the overall investment attractiveness of the country's economy. The prognosis is such: thanks to the liberal legislation with respect to foreign investors, their activity will rise, which will make it possible not only to retain the republic's export status, but also reinforce it (mainly by means of diamonds and agricultural produce). But there are also several

unresolved problems in this area, first and foremost, an integrated competitive environment for local producers and importers must be created.

It is worth noting that compared with other CIS countries, Armenia on the whole has pretty good indices. For example, in 2004, the volume of its GDP (in terms of value) amounted to 11.79 billion dollars (the per capita GDP is 3,500 dollars), and the real increase in the GDP is equal to 9.9%, whereby in agriculture, it is 23.4%, in industry, 35.1%, and in the service sphere, 41.5%.

Experts say that the initial, most difficult, stage in the RA's integration into the world economy is over, but long and painstaking work lies ahead to further improve the legal base, reform the financial, tax, and banking systems, and optimize industrial production and the trade and service spheres. But the main vector of these processes is entry into the World Trade Organization. Among the main achievements of recent years, economists note liberalization of trade conditions, privatization of the state sector, development of private business, lowering of administrative barriers in foreign trade, creation of a favorable investment climate, institution of a stable national currency, and reform of legislation in the trade and economic sphere.

According to the evaluations of many experts, in the mid-term, the republic's economy can expect slow, but most important, sustainable development (with progressive growth in its main indices). The smooth drop in GDP growth rates noted since 2003 will continue (in 2003, indices in this sphere amounted to 13.9%, in 2004, to 10.1%, in 2005, according to preliminary data, to 6.5%, and in 2006, according to forecasts, they will be equal to 6%). But this process, according to the same experts, will not be of perceptible detriment to the country's economy, since it will retain a firm foothold with respect to other indices.

In recent years, there has been quite a low and steady inflation level (in 2003, it amounted to 4.7%, in 2004, to 7%, and according to preliminary estimates for 2005 and forecasts for 2006, to 2.6% and 3%, respectively), as well as a stable national currency exchange rate (between 1996 and 2003, it fell by a total of 20%, and by 2004 had risen again by 5%). What is more, significant progress in the financial sector is expected. The banking segment of the economy, despite its modest dimensions (there are no more than 10 large banks functioning in the country), will operate quite efficiently. Experts predict successful development of the RA's regional economic cooperation, particularly with CIS countries. The republic is an active participant in sub-regional and regional integration groups, including within the framework of the CIS structure, the Black Sea Economic Cooperation Organization, and others. Retention of a favorable investment climate will be assisted by the above-mentioned large-scale privatization of the state sector. What is more, in the next few years, an increase in the inflow of foreign investments is expected, which should be promoted by diversification of the economy, as well as further development of its leading branches: the electronics industry, diamond processing, the pharmaceutical industry, and machine-building. It is important that these branches are already pretty competitive on the world markets. But there is significant reason for anxiety: the abrupt drop in growth rates of industrial production from 14.9% in 2003 to 2.1% in 2004. This collapse was related primarily to the significant reduction in diamond processing of 17%. But specialists forecast a two-fold increase in the indices in this sphere by 2009. What is more, against the background of the industrial slump, other important spheres of the economy are successfully developing. This particularly applies to agriculture, where in 2004 growth constituted 14.5% (in 2003, it was only 4%).

## CORRUPTION FIGHTING AND PREVENTIVE MEASURES IN KYRGYZSTAN: TODAY AND TOMORROW

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

We all know from international experience that higher incomes and higher investments in the economy, as well as longevity are mainly observed in countries with effective and fair state institutions where functionaries move up the career ladder thanks to their personal merits and where there are clear rules of promotion. In these states, citizens are equal before the law while state strategy and the juridical base remain free from the influence of those who pursue their own interests and where independent civil society and the media add to the cabinet's accountability.

Today Kyrgyzstan, as well as all the other relatively poor CIS members, should go on with their reforms: if slowed down, coupled with the continued accumulation of foreign debts, they run the danger of sliding into even greater poverty.

According to a group of international experts who analyzed the social and economic situation in our republic, its irrational public administration is the main obstacle on the road to reform and a source of the still growing shadow economy and corruption. Administrative reform designed to make the system more rational and more transparent is urgently needed. No economic growth and no effective efforts at combating poverty are possible without improving the quality of public administration. Without this foreign aid will remain useless.

The paper based on information supplied by a group of international experts looks at international anticorruption experience, identifies the causes of this evil and the spheres of its manifestations, speaks about the tasks the government of the Kyrgyz Republic is facing, and assesses the real state of affairs in this sphere.

## **The Impact and Reasons for Corruption as Registered by the International Community**

### ***How Corruption Influences Economic Growth and Development***

Corruption slows down economic development because it leads to:

—Lower levels of domestic and foreign investments;<sup>1</sup>

<sup>1</sup> P. Mauro, "The Effects of Corruption on Growth," *Quarterly Journal of Economics*, Vol. 110, No. 3, 1997, pp. 681-712; S.-J. Wei, "How Taxing is Corruption on International Investors," *Working paper No. 6030*, National Bureau of Economic Research, Cambridge, Massachusetts, 1997.

- Distorted development of companies and expansion of informal economy;<sup>2</sup>
- Distorted public expenditures and investments and deterioration of physical infrastructure;<sup>3</sup>
- Lower public revenues and weakened rule of law presented as a public good;<sup>4</sup>
- Excessive centralization of the government;<sup>5</sup>
- Oligarchic “takeover” of the government by corporate elite, “purchase” of laws and strategies of the government, which undermines the output growth and investments growth in the enterprise sector;<sup>6</sup>
- Wrong dislocation of intellectual resources,<sup>7</sup> including not full use of the key segments of society, such as women.

It was quite recently that researchers turned their attention to an empirical analysis of corruption causes; the results obtained so far say that corruption is merely a symptom of much more deeply embedded institutional problems.

### **Lack of Political Rights and Civil Freedoms**

Corruption and lack of political rights (democratic elections, the judicial power branch, opposition parties, and civil freedoms, which include independent media, freedom of speech, and freedom to gather) are two sides of the same coin. In fact, their negative correlation is high at 0.67 percent. There is more and more evidence that civil society has acquired effective anticorruption instruments. Studies of countries with transitional economies have revealed that corporate groups “capture” strategies and laws when full civil freedom is absent.<sup>8</sup> International empirical data have also confirmed that corruption can be defeated by electing more women to parliament and by granting women broader civil rights in all other spheres of public life.<sup>9</sup> Autonomy limited to budget decentralization is another anticorruption instrument.<sup>10</sup> Certain facts confirm that there is a direct link between corruption and the power of the law.

### **Public Finance and Regulation**

Together with the above-mentioned factors, a large amount of public property in the country’s economy raises the degree of corruption. In such states, industry is over-regulated and pays too high

<sup>2</sup> S. Johnson, D. Kaufmann, and P. Zoido-Lobatin, “Regulatory Discretion and the Unofficial Economy,” *American Economic Review*, Vol. 88, No. 2, 1998, pp. 387-392.

<sup>3</sup> V. Tanzi and H. Davoodi, “Corruption, Public Investment, and Growth,” *Working paper No. WP/97/139*, International Monetary Fund, Washington, D.C., 1997.

<sup>4</sup> S. Johnson, D. Kaufmann, and A. Shleifer, “The Unofficial Economy in Transition,” *Brookings Papers on Economic Activity*, Washington, D.C., No. 2, 1997.

<sup>5</sup> R. Fisman, R. Gatti, “Decentralization and Corruption: Evidence across Countries,” *Policy research working paper No. 2290*, World Bank, Development Research Group, Washington, D.C., 2000.

<sup>6</sup> J. Hellman, G. Jones, and D. Kaufmann, *Far from Home: Do Transnationals Import Better Governance in the Capture Economy*, World Bank, Washington, D.C., 2000.

<sup>7</sup> K.M. Murphy, A. Shleifer, and R.W. Vishny, “The Allocation of Talent: Implications for Growth,” *Quarterly Journal of Economics*, Vol. 106, No. 2, 1991, pp. 503-530.

<sup>8</sup> See: J. Hellman, G. Jones, D. Kaufmann, op. cit.

<sup>9</sup> See: D. Kaufmann, “Challenges in the Next Stage of Anticorruption,” in: *New Perspectives on Combating Corruption*, Transparency International and the World Bank Institute, Washington, D.C., 1998.

<sup>10</sup> See: P. Collier, “On the Economic Consequences of Civil War,” *Oxford Economic Papers*, No. 51, January 1999, pp. 168-183; R. Fisman, R. Gatti, op. cit.

taxes; laws and trade restrictions are arbitrarily applied. A monopolized economy creates an even higher corruption level.

### Civil Service

The level of corruption depends on the civil servants' professional skills, their training, personnel management, and promotion prospects. Contrary to what is commonly believed, wages do not strictly correlate to corruption: higher wages do not reduce the level of corruption. Quite often a small group of high-ranking politicians or bureaucrats are guilty of corruption. It should be said that in some countries, the higher wages paid key bureaucrats are absolutely justified, yet if isolated this measure can hardly stem corruption. The use of meritocratic approach when hiring, promoting, or firing civil servants reduces corruption. The obvious gap between the inefficiency of higher wages and excellent results demonstrated by meritocratic approach calls for deeper empirical research into corruption in the countries resolved to defeat this evil.

The 1999 National Human Development Report compiled together with the UNDP in Kyrgyzstan says that corruption appears when obligations are vague and responsibilities are limited.

## Fighting Corruption in Kyrgyzstan

Despite the loud political statements by those who ruled the country before 24 March, 2005 and their frantic efforts to make their anticorruption efforts look plausible, at least from abroad they were assessed as inadequate by the experts of many organizations, including those of Transparency International. In the last years of the old regime, the corruption level reached frightening proportions: in the absence of concrete data based on quantitative estimates, this is mainly confirmed by sociological polls. There are no indicators, assessment methods, or institutional structures able to undertake such estimates. The Comprehensive Development Framework (CDF) of the Kyrgyz Republic up to 2010, endorsed in 2001, addressed the problems of corruption and governance efficiency. A Conscientious Administration Council under the chairmanship of the country's prime minister and a secretariat, as its working structure, were set up to pursue the aims outlined in the CDF. Businessmen and NGO members were invited to sit on the Council to make civil society part of the process. This approach, however, imposed from above, failed to produce the desired results: the government influenced the decision-making, while many of the suggested measures were too formal; they were not properly monitored and their indices were too vague and hard to assess. By early 2005, the Council ceased to exist.

Today, there is a lot of discussion about an anticorruption agency and a corresponding integrated program, two measures suggested by the previous regime. The program patterned on international experience is expected to cover the following fields: improving public administration, which calls for intensifying administrative reform, revising wages and salaries, and creating work ethics for civil servants; and creating a competitive private sector coupled with economic de-regulation, elimination of the shadow economy, and tax reform. This also calls for changes in the political sphere which include a checks-and-balances system, political rivalry, and transparency. The judicial system, institutional structures and state expenditure policies need reforms as well; civil sectors should also be involved.

Figure 1

**Comprehensive Strategy of Fight against Corruption and Improvement of Public Administration**

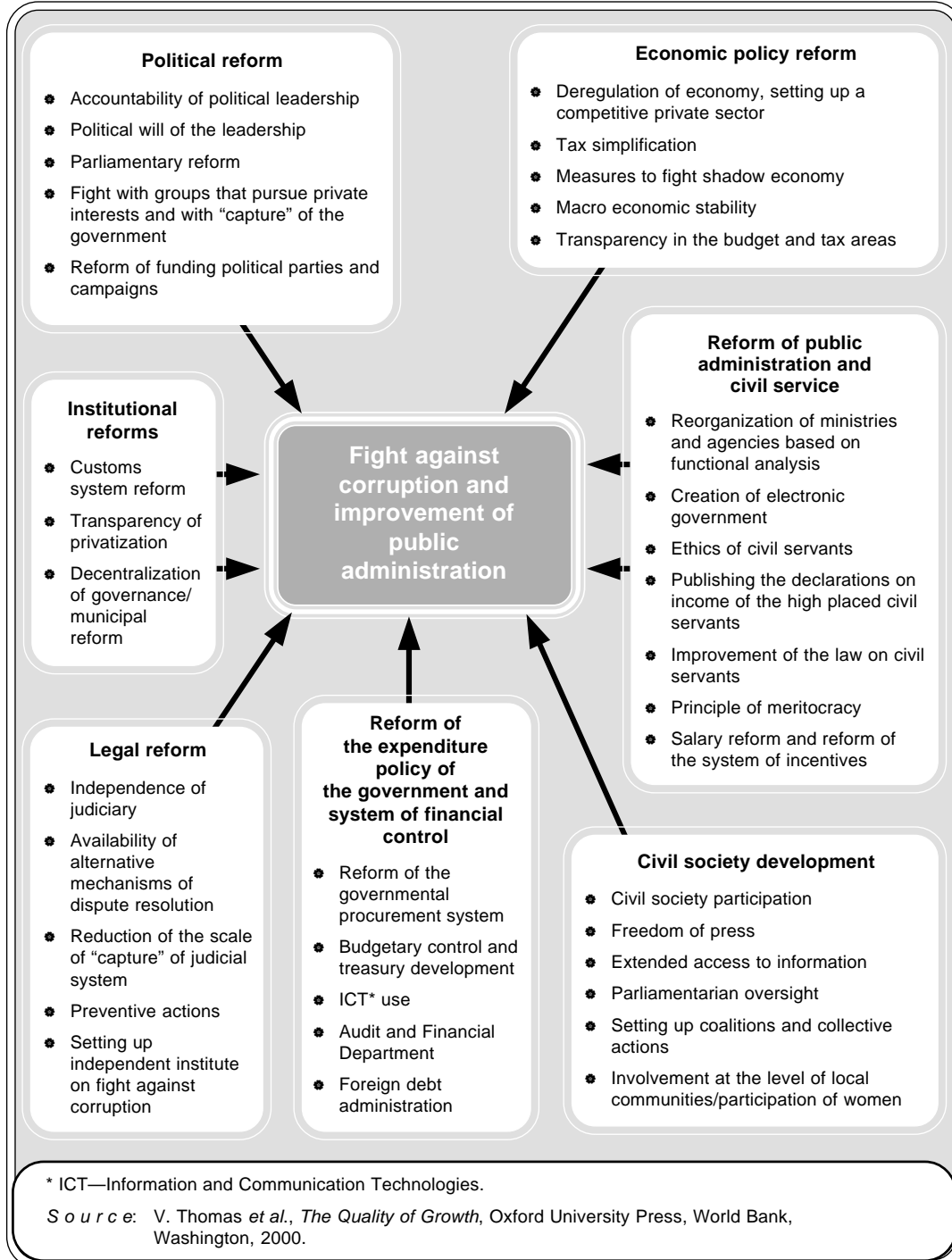




Figure 1 shows how to fight corruption in all spheres and improve public administration.

A systemic approach alone can produce important results—in its absence, the level of corruption in various spheres, in the law enforcement bodies in particular, increases. Success demands not only that the country's leaders demonstrate political will, but also considerable resources and donor support. I should say that such support is felt in many spheres—the time has come to coordinate and rationally re-distribute resources and exclude parallel efforts.

Where should the efforts of systemic corruption fighting be applied?

### **Political Reform**

The new leaders who came to power after the events of 24 March, 2005 stated that fighting corruption would become one of the political linchpins. It is hard to say so far what the new authorities want and what they can do: today they are limiting themselves to bringing to light instances of corruption and other economic crimes perpetrated by the old regime.

The checks-and-balances system, which includes, among other things, full accountability of all branches of power and political parties, is an effective instrument for fighting corruption. The country is living through constitutional reform, while the political structures are suggesting that the mechanism should be strengthened by redistributing power and responsibility between the president and the government and by increasing the role of political parties in public administration. So far these statements have not been put into practice, while the present situation speaks of the absence of clear procedures and norms of accountability of the political leadership. Its political statements notwithstanding, it has failed to offer effective and comprehensive anticorruption measures in view of the professionally weakened civil service. In the absence of a system of monitoring and assessment of administrative reform, it is impossible to estimate the efficiency/inefficiency of the changes. This weakens the leaders' political determination and arouses mistrust towards the numerous programs announced by the people in power.

Experience has taught us that in the absence of party lists, the archaic election procedure allows all sorts of candidates without clear political programs and party responsibility to win seats in the representative structures of all levels. Such deputies, engrossed in pursuing their interests, tend to forget about their election promises.

The present parliament, the product of a scandalous election that, in fact, triggered a regime change, is fairly wobbly. It has not yet acquired all its working structures (transfer from a one- to two-chamber legislature), while its staff is as weak as before. This affects the quality of the laws and the regulatory base, which is full of loopholes for conflicts of interests and corruption. An institution of preventive assessment of draft laws has not yet been created.

### **Transformation of Economic Policy**

In the past five years, economic deregulation has been receiving much attention: if resolved, this problem might improve the investment climate and attract direct investments. Until this happens, major investments will continue coming into the country through international financial institutions and donor states under government guarantees, which endangers the repayment of foreign debts. A Council chaired by the republic's president was set up which included foreign investors and big Kyrgyz businessmen; its secretariat was instructed to draft so-called "investment matrices" designed to limit state interfer-

ence in the economy. Obviously limited regulatory and controlling functions of the state in the business sphere were expected to narrow down the corruption range. According to officials, the programs were fulfilled, but no tangible results were detected, probably because the ministries and other state structures executed the Council's decisions in a formal way. The weak legal base is another reason: numerous loopholes allow bureaucrats to invent new branch instructions and limitations to replace the annulled ones.

Today, a new Tax Code is being elaborated because the old one, very progressive for its time, became obsolete in the last nine years and burdened with numerous amendments and addenda. The new code will lower the overall taxation level, institute competitive rates for the main taxes, cut down the total number of taxes, and improve tax administration. The authors are convinced that a simpler and, therefore, understandable taxation system, fewer taxation privileges, and a broader tax base will threaten the shadow economy and help fight corruption in the taxation sphere.

The measures designed to maintain and consolidate macroeconomic stability and transparency in the fiscal sphere can be described as an obvious achievement of the past few years. The budgetary hearings started in parliament in 2002 with the participation of civil society are gradually becoming the norm. The budgetary process has already become more transparent, which makes it harder to defend subjective or group interests.

### **Institutional Changes**

There is fairly strong opposition, mainly represented by business circles wishing to preserve the old rules of the game, to reform in this sphere. In many areas therefore, such as the customs system, the changes are merely structural (unification with and later separation from the tax inspection service, or its transfer directly under government jurisdiction, etc.). Even though the Customs Code was coordinated with the WTO's requirements, the customs services remain one of the most corrupt.

Many hopes were pinned on decentralization of governance, yet things got no farther than the adoption of basic legal acts. The recent laws, including the one described as a priority—On Financial Support of Local Self-Government Bodies adopted two years ago—do not work. The large number of newly created local self-government bodies have neither the money nor the power to function properly. Under these conditions, money-distribution remains centralized, while the local communities cannot control this process.

### **Reform of Public Administration and Civil Service**

In recent years, the ministries and administrative structures were reorganized with the help of the UNDP and TACIS. Functional analysis methods were used to revise the tasks of most ministries and to issue recommendations on how to eliminate excessive rights and duties (including those performed by other structures as well) and avoid conflicts of interests. In the absence of a system of monitoring and assessment in the country, it was impossible to keep tabs on how these recommendations were carried out. It seems that this system can be created in the shortest time possible, if there is the political will to do so.

Decision-making based on international standards which use methods of assessing the regulatory impact of public policy may serve as an important anticorruption mechanism. In the absence of such methods, decisions become sub-standard and develop into fertile corruption soil. The new govern-

ment has already admitted that such procedures could and should be applied. An electronic system commonly known as “electronic governance,” which reduces the number of direct contacts between bureaucrats and the people, is another effective anticorruption instrument. To this end, Kyrgyzstan has moved beyond general conceptions and regulatory acts: there is a state portal (that should be further developed) with a list of services, which can be automatized in the near future; some of the decision-making procedures are being automatized.

An Ethics Commission for Civil Servants, which prior to 24 March, 2005 functioned under the president, was a purely formal structure that scored no victories in fighting corruption. The new leaders intend to set up a similar structure; today, with low wages and no guarantee of secure jobs in the civil service, this intention might remain a mere declaration. To score any successes in this sphere, the system of wages and salaries should be revised, and professional obligations and political involvement strictly delimited. Civil servants should be protected from political pressure and receive adequate guarantees under the law.

### ***Changes in the Legal Sphere***

Let me remind you that the judicial system, which largely depended on executive power, was one of the reasons for 24 March, 2005. To a certain extent, this sad state of affairs was caused by the judges’ low wages and the election procedure, the system’s underfunding, and other circumstances. Time and money are not enough to remedy the situation: the country’s leaders must demonstrate their political will. Today, the degree of “capture” of the judicial system is appalling, while judges are functioning under pressure from both the political and criminal communities.

On the whole, the law enforcement structures of Kyrgyzstan, which are expected to fight corruption, are breeding it: they themselves are highly corrupt (this is typical of many countries during political transformations). Independent polls carried out with the help of international organizations confirm the above; only the law enforcement bodies have escaped reform and criticism during the post-Soviet years. It should be admitted, however, that the old regime finally recognized that corruption could not be eliminated by force alone: it started looking for alternative methods and even tried to draft a program of preventive measures. These efforts, however, lacked the necessary drive and efficiency.

### ***Reform of the Expenditure Policy of the Government and System of Financial Control***

This can be classified as institutional reform, yet I have singled it out because this sphere is especially important for countries with transitional economies in which spending acquires new, fundamentally different features. At the transition stage, when the old laws no longer apply, but new ones do not exist, corruption in spending flourishes. Even though transition in the financial sphere is much more complicated and protracted than in other spheres, it must be reformed in the shortest possible time and with the best possible results. At the same time, such institutions as the system of public procurement, budgetary control, development of the treasury and auditing, financial regulation and foreign debt management cannot completely rule out corruption in the financial sphere. All procedures should be further improved to become more transparent and fully accountable.

### ***Development of Civil Society***

The republic has advanced far in this direction: the public is not only involved in decision-making; there is freedom of the press, wider access to information, parliamentary oversight, and the right to form coalitions and organize collective actions. Local communities, as well as women, are also involved. Quite often, though, pressure from the state has been so strong that civil society's involvement degenerated into a mere formality.

### ***C o n c l u s i o n***

Fighting corruption is important for any country wishing to develop socially and economically; it is especially important for states with transitional economies, in which corruption assumes specific forms and slows down progressive changes. Reform of the system of governance and greater efficiency of its institutions (which is directly related to fighting corruption) is especially important for Kyrgyzstan, which has practically no natural reserves. Recent years have demonstrated that the anticorruption struggle in the republic needs a systemic approach to be effective. Political will should be fortified by the use of effective instruments of monitoring and assessment (which should be created and applied), as well as a system of measures which includes both the use of force and preventive steps.

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