DEMOCRATIC DEVELOPMENT AND THE REGIONAL ENVIRONMENT IN THE SOUTH CAUCASUS:

DIVISIONS OF POWER, DEVOLUTION AND POLITICAL PARTY DEVELOPMENT IN A GEOPOLITICAL HOTSPOT

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Introduction

Upon or even before acquiring independence from the Soviet Union, all three states of the South Caucasus had early attempts at introducing democratic systems, and held relatively free elections in the 1990-92 period. Yet under the pressures of war, economic collapse, and because of its inexperience with participatory politics, the South Caucasus backtracked in the mid-1990s to increased authoritarian rule. This process was welcomed by large tracts of the population, who after experiencing an initial euphoria following independence, came to identify democracy as a cause of the declining economic and political situation that came to characterize their countries. Order and stability became priority matters for the majority of the population, and authoritarian leaders showed to be more capable of providing that.

Yet the seeds of democracy had been sown in the political systems of the Caucasus, ensuring (together with dependence on the West) that authoritarian-minded leaders were unable to establish total control over the political arena in the South Caucasus in the manner they have done in Central Asia. Hence with economic stabilization, the opening up of the region to the world, and rising popular frustration with the leadership in the mid- to late 1990s, democratic tendencies again gained strength and began to seriously challenge the ruling elites. Forces leading towards democratization were boosted by membership in the Council of Europe – an organization that to western European countries seems of little influence, but whose role in this region is highly significant. Membership in this organization since 1999 for Georgia and since 2001 for Armenia and Azerbaijan is a recognition of the relative progress of these states, but even more importantly, represents a potentially powerful motor of reforms. All three are now parties to the European Convention on Human Rights, giving individuals the right to demand responsible action from their governments. International organizations and financial institutions are actively supporting the reform process in the region, funding and directing large aid programs.

Currently, all three South Caucasian countries retain traits of authoritarianism, and the political process contains undemocratic tendencies. A functioning opposition and a relatively free media are accomplishments that are notable compared to many other successor states of the Soviet Union, but elections in all three states have been and remain seriously flawed and election results have on several occasions failed to reflect the will of the people, decreasing the popular legitimacy of governments. However, one of the most significant developments in the South Caucasus since independence has been that while political progress has been slow, civil society has emerged and continues to strengthen. NGOs in the region are mostly politically oriented. The majority of charitable associations, human rights groups, and other NGOs depend heavily on foreign aid and grants, and are active in the fields of ecological protection, social charity, human rights, education and youth activities. Their activity, however, is severely hindered by a lack of funds. The NGO sector is not facilitated by harassment from authorities. Yet growing citizen awareness of civil rights and democratic values and the continued evolution of civil society provide a partial check on the excesses of law enforcement agencies.

All three countries have constitutional guarantees for freedom of the press. In practice, the print media has been significantly liberalized, whereas broadcast media is still heavily

controlled by the state, as it reaches much greater numbers of people, including in the provinces. Oppositional forces can and do publish newspapers that harshly criticize the government; however, oppositional journalists are not exempt from harassment by authorities.

In spite of the serious problems, the South Caucasian societies and states have proven to be permeable to change and reform, especially if compared with the Soviet past only a decade ago. Important progress has been achieved in the creation of semi-democratic legal systems and the beginnings of a rule of law, pledges to protect the individual rights of citizens, and the emergence of civil society. The role of the international community is extremely important in the gradual progress of the human rights situation in the South Caucasus. The Council of Europe and the OSCE, as well as unilateral influence by chiefly western states, are gradually helping to create a culture of democracy and human rights in these states. Governments at the very least are now forced to pay lip service to these ideals, and as they do so, these principles gradually trickle down to the reluctant bureaucracies and state organs.

The Regional Environment of the South Caucasus: A Geopolitical Hotspot

The domestic political processes in the three states of the South Caucasus, and therefore the processes of democratic development, are not taking place in isolation from the regional and international political processes taking place in the region. Quite to the contrary, they have ever since the independence of Armenia, Azerbaijan and Georgia been intimately tied to the ethnopolitical conflicts, the regional powers' policies, and increasingly also to the salience of transnational crime in the region. These states were, with only a mild exaggeration, born in fire'; all three states experienced ethnopolitical conflict at the very time of their independence, and their governments in more cases than one came to power on the very nationalist movements that contributed to the emergence of these conflicts. The human and material devastation caused by the conflicts has also allowed external powers a disproportionate influence over the foreign and domestic policies of these states, helped create a web of interlocking security and military relations that have the South Caucasus as its hub, and create an insecure political environment that is less than conducive to democratic development.

Ethnic Conflicts and Ethnic Relations

Since the late 1980s, the South Caucasus was rocked by a series of ethnopolitical conflicts. The first to emerge was the one over the territorial status of Nagorno-Karabakh, a primarily Armenian-populated region in western Azerbaijan that held the status of an autonomous province in the Soviet republic of Azerbaijan. Representatives of the Armenian population in Nagorno-Karabakh and a growing popular movement in Armenia demanded, and later fought for, the separation of the province from Azerbaijan and its annexation to Armenia. The conflict escalated with ethnic violence and ethnic cleansing in both republics, and guerrilla warfare increased in and around Nagorno-Karabakh by the end of 1991. The collapse of the Soviet Union led to the development of a full-scale war between Armenia and Azerbaijan. Azerbaijan's internal distractions, including the transfer of power from communism in Spring 1992 (which had been achieved in late 1990 in Armenia and Georgia) and a military coup by a renegade army commander in June 1993, contributed to the Armenian military victory in the conflict and the eviction of 800,000 Azerbaijanis from their homes in seven districts adjoining Nagorno-Karabakh. A cease-fire was established in 1994, which left over 17% of Azerbaijan's territory under Armenian occupation. Efforts to resolve the conflict have been led by the OSCE and in the late 1990s took the form of bilateral negotiations between the two Presidents of Armenia and Azerbaijan. Though negotiations at several occasions showed positive signals – including a rumored 'done deal' only days before the October 1999 parliamentary murders in Armenia – they have failed to yield any factual developments toward a peaceful solution. Most recently, the two Presidents met in Sadarak, on the Nakhchivan-Armenia border, in August 2002. President Aliyev offered the restoration of economic links conditional on Armenia's withdrawal from four of the seven occupied territories to the south of Nagorno-Karabakh, but the Armenian side refused this offer. Since last year, militaristic feelings are increasing in Azerbaijan, as increasingly powerful political forces have concluded that negotiations will not yield a solution, and as Azerbaijan is slowly building up its military forces. Demands for a military solution to the conflict are exerting a strong pressure on the government, which nevertheless continues to pursue a negotiated solution.

In Georgia, two of the minorities that held an autonomous status in the Soviet era have sought independence from Georgia. The Abkhaz and South Ossetian minorities in northwestern and northern Georgia, respectively, mobilized in the late 1990s as a result of the Georgian national movement's agitation for an independent Georgia. The minorities were wary of remaining within a Georgian state, preferring to remain within the Soviet Union while it still existed. Hence the South Ossetian autonomous province aspired to the unification of South Ossetia with the neighboring Republic of North Ossetia in the Russian Federation. This led to clashes already in 1989 as Georgians reacted against this demand, but unrest was quelled by Soviet Interior Ministry troops. Ethnic tensions between Ossetians and Georgians increased, and the conflict escalated further in Summer 1991, as heavier weaponry including artillery was used. With the collapse of the Soviet Union, the conflict threatened to lead to a war between Russia and Georgia, Russia openly taking the Ossetian side, but the risk of a larger Caucasian war led to a cease-fire agreement brokered by Moscow in mid-1992. The agreement left patches of South Ossetia controlled by Georgia and other patches by Ossetian separatists, a fact which has been instrumental in forcing the two sides to interact for logistical and practical purposes. Whereas no political solution is in sight, the South Ossetian conflict is the one in the South Caucasus which has seen the largest level of grassroots relations and reconciliation.

The Abkhazia conflict has been far more intractable and a more serious blow to Georgia's statehood. Tensions had existed in the late 1970s in Abkhazia, with the small (100,000) Abkhaz population feeling it was coming under increasing Georgian cultural and political pressure. In 1989, brief ethnic unrest took place, leading to several deaths, as Abkhazia sought the status of a full Soviet Union republic. A month after the cease-fire in South Ossetia, the Abkhaz parliament reinstated a 1925 Constitution which declared it separate from Georgia. This prompted an invasion by a semi-official Georgian paramilitary group, at a time when Georgia was ruled by a military council including several less than reputable paramilitary leaders. This ill-disciplined invasion, marred by widespread violations of civilians' rights in Abkhazia, sparked a war, and North Caucasian volunteers as well as units of the Russian military granted military assistance to Abkhazia. Eventually, by the end of 1993, the pro-Abkhaz forces had managed to secure control over the entire territory of Abkhazia, in the process ethnically cleansing the over 200,000 Georgians living in Southern Abkhazia. Abkhazia has since then been the most unruly conflict in the region, politically deadlocked while at several occasions experiencing a return to warfare. Low-intensity conflict is endemic between armed bands of Georgians from Abkhazia and the Abkhaz forces, often supported by the Russian peace-keeping forces in Abkhazia. In both May 1998 and the Fall of 2001, larger-scale clashes took place, which in the latter case led to Russian air force bombing Georgian territory.

These three deadlocked conflicts all have the potential to a large-scale return to war. The present situation is clearly untenable in Abkhazia and Nagorno-Karabakh, and unless movements toward a political solution take place in the next few years, these conflicts are very likely to be central issues in the domestic political struggles in Azerbaijan and Georgia that are almost certain to follow the departure from power of Presidents Aliyev and Shevardnadze.

Beyond these three conflicts, ethnic relations in other minority-populated regions of the South Caucasus also pose challenges that carry a risk of being converted into armed conflicts. Most worrisome among these is the situation of the Javakheti province in southern Georgia, where a substantial Armenian population lives. The weakness of the Georgian state and the geographic isolation of the region has resulted in the region being increasingly detached from the rest of Georgia in practical economic and political terms. The region now interacts far more with Armenia, whereas local Armenians are wary of the rapidly developing political and security relations between Turkey and Georgia. In addition, a Russian military base is located

in the regional capital Akhalkalaki. Demands for regional autonomy have increased in the early 2000s, inspired by certain groups within the Armenian Diaspora. The international community has begun paying attention to the Javakheti issue, however little has so far been done to improve the situation there. For example, no direct road still exists linking Akhalkalaki to Tbilisi; instead, traffic has to make a long detour to the west over Akhaltsikhe, increasing the time and cost of transports between Javakheti and the rest of Georgia. The Javakheti issue also involves Armenia, which so far has had a stabilizing influence on the situation. In Azerbaijan, separatist movements existed in the early 1990s among the Talysh and Lezgin populations in southern and northern Azerbaijan, respectively, but appear to have had very feeble popular backing. At present, there is a very low risk of ethnic tensions emerging in these areas. That could change if Azerbaijan experiences a period of general political instability, however.

Regional Powers' Influence and Energy Politics

The collapse of the Soviet Union led to a power vacuum in the successor states of the union, which made it possible for external powers to attempt to assert influence in regions such as the Caucasus and Central Asia. The South Caucasus is bordered by two large powers, Turkey and Iran, that have historical, religious, and ethnic ties to the region. In fact, both Turkey and Iran have at different times in history controlled parts of the South Caucasus. With the unexpectedly rapid independence of the South Caucasian states, these two powers were forced to develop policies toward a region in turmoil and conflict on their immediate border. Their policies were both a result of domestic determinants and international factors, and were partly responses to perceived potential or actual threats from the region and partly, and increasingly with time, designed to increase their respective interests in the South Caucasus. In seeking influence in the South Caucasus, Turkey and Iran were joined by Russia, the old hegemon, and toward the mid-1990s by the United States, whose involvement has continually grown. Smaller or more distant powers including the European Union, Israel, China and Pakistan also have interests in the region, but the four regional and international powers that truly determine the security architecture of the South Caucasus are Russia, Turkey, Iran and the United States.

The importance accorded to the region by major powers is dependent on several factors. These include the geopolitically crucial location of the Caucasus, located on the crossroads between Europe and Asia, between the Black sea and the Caspian sea. It has the potential to form an east-west axis connecting Europe and Turkey with Central Asia and beyond, or, conversely, block the linkages between the west and Central Asia. Likewise, the South Caucasus is a potential link in a north-south axis linking Russia and the west to Iran and the Middle East. These two visions are not necessarily mutually exclusive in economic or even political terms, but in the reality of current relations between world powers, do constitute rival visions of the role of the South Caucasus in global politics. Another factor increasing the importance of the South Caucasus is the energy resources of the Caspian sea and their transportation to world markets. The Caspian oil and gas resources being expensive to produce, geographically isolated, and the regional transport infrastructure being underdeveloped, the transportation of these resources to world markets has become a point of contention of high political significance. The Caspian hence plays an important role in the energy security of the regional powers, especially Russia and Turkey but also Iran, and to a lesser degree, the United States, and these states have therefore also sought to influence the production and transportation of the Caspian energy resources.

Russia

Russia has since the collapse of the Soviet Union been reluctant to acknowledge the loss of its dominant influence, indeed political and economic control, over the South Caucasus. Given its strategic location and close ethnic and political linkages to the Russian North Caucasus, including Chechnya, developments in the South Caucasus cannot avoid to have an impact on Russia. The main guideline of Moscow's policy toward the South Caucasus has been to try to reassert Moscow's dominant role in the region, and barring that, to prevent any other external power from acquiring a dominant role here. In practice, this has meant a policy intended to limit the independence of the states of the South Caucasus, especially as they turned to the west for economic and political links. Conversely, the policy has sought to prevent Turkey and the United States form acquiring a dominant influence in the South Caucasus. Moscow early on announced three publicly stated policy aims for this region: Firstly, the South Caucasian states should be members of the Commonwealth of Independent States – which Armenia acceded to from its inception, but which Azerbaijan and Georgia stayed out of. Secondly, these states should have Russian military bases on their territory; and third, their 'external' borders should be guarded by Russian border guards. These publicly stated policies clearly indicate Moscow's ambitions to remain the dominant power in the region.

One tool with which Moscow manipulated the states of the South Caucasus was through using its leverage in the ethnic conflicts of the region. Moscow simply offered its assistance to any state that accepted the above-mentioned principles, and opposed those that did not. As Armenia by May 1992 had complied with Moscow's demands, it received Russia's backing in the Nagorno-Karabakh conflict, including access to arms and weaponry from the Soviet stocks. Conversely, Azerbaijan under President Elçibey's tenure in government pursued an independent, pro-Turkish and anti-Russian foreign policy. Moscow hence saw the conflict with Armenia as an instrument to pressure Azerbaijan into accepting Moscow's influence. This included covertly sponsoring a coup d'état by a military commander, Surat Husseinov, against Elçibey in May-June 1993. This led to the collapse of the Azerbaijani forces on the front and a humiliating defeat in the war. President Aliyev, who came to power eclipsing coup-maker Surat Husseinov after the coup, then acceded to the CIS and therefore managed to repair relations with Moscow somewhat, though Azerbaijan avoided the imposition of Russian military bases and border guards. Georgia was even more staunchly independent-minded than Azerbaijan. Tbilisi's ruling military council in early 1992 invited former Georgian Communist party chief and Soviet Foreign minister Eduard Shevardnadze to return to Georgia to chair the council. This increased Russian fury against Georgia, as Shevardnadze had played a crucial role in Germany's reunification and the collapse of the Soviet Union. The Russian military hence lent support first to South Ossetia and then to Abkhazia in their ambitions to separate from Georgia. Even after Abkhazia's secession with obvious Russian military assistance, Shevardnadze refused to consent to Russian demands, after which a mutiny within the Georgian military threatened Georgia's disintegration, forcing Shevardnadze to apply to Russia for assistance, and accepting Russia's three demands.

Presidents Aliyev and Shevardnadze nevertheless managed to stay in power in spite of assassination attempts and coups d'état, and continued to pursue pro-western foreign policies, attempting to roll back Russian influence over them. The war in Chechnya in 1994-96, its distracting effect and the eventual setback it brought to Russia's power helped Azerbaijan and Georgia to consolidate their independence and build relations with the western world. Moreover, Russia's blatant interference proved counter-productive as it increased anti-Russian feelings among the populations of its two southern neighbors. By the late 1990s, Russia was a retreating power in the South Caucasus, as Azerbaijan and Georgia both attracted western support and voiced their intention to move closer to NATO. With President Vladimir Putin's accession to power, Russian policies toward the South Caucasus

were revitalized. The renewed war in Chechnya sparked fears that in case it succeeded, Russia would be able to reassert its influence south of the great Caucasian mountains. Putin kept relatively cordial relations with Azerbaijan, and even appeared more positively inclined to a solution to the Nagorno-Karabakh conflict, while it increased pressures on Georgia relentlessly. This involved cutting of gas supplies at politically sensitive moments, imposing a visa regime that exempted Georgian citizens in Abkhazia and South Ossetia, according Russian citizenship to the populations of South Ossetia and Abkhazia, blaming Georgia for hosting Chechen 'terrorists' in the Pankisi gorge and threatening unilateral military intervention, bombing Georgian territory in the Pankisi and Kodori gorges, and branding Georgia a 'terrorist country'. Meanwhile, Russia has consolidated its grip on Armenia by acquiring controlling stakes in large Armenian industries in exchange for debt forgiveness. The current Russian policy seems to have two-tier focus, consolidating control over Armenia, while focusing on Georgia as the weakest link in the pro-western Georgia-Azerbaijan chain.

Russia has since Putin's arrival to the Kremlin also attempted to secure its control over the energy infrastructure in the entire former Soviet space. This has included opposition to the Baku-Tbilisi-Ceyhan oil pipeline, and efforts to consolidate Russia's monopoly over the export of Kazakhstani oil and Turkmen natural gas. The beginning of the building of the Baku-Ceyhan pipeline was hence a setback to Moscow. Meanwhile, Russia has adopted a more pragmatic stance toward the delimitation of the Caspian sea, signing delimitation agreements with Kazakhstan and Azerbaijan. Moscow is safeguarding its position as a crucial player in the South Caucasus, though increased Turkish and American influence is gradually reducing Moscow's position.

Turkey

Turkey's reaction to the collapse of the Soviet Union rapidly moved from caution to euphoria, as it heralded a new relationship with the Turkic world, including Azerbaijan and four Turkic Central Asian states. This pan-Turkic euphoria – including pronouncements of 'a great Turkic world from the Adriatic sea to the wall of China', as in the words of President Süleyman Demirel – frightened Armenia, worried Russia and Iran, and discomforted Georgia. However, this euphoria rapidly subsided as Turkey realized its limitations, and toward the late 1990s adopted a much more pragmatic approach. Turkey gave priority to security in the South Caucasus, relegating far-away Central Asia to a lower priority. Turkey's foreign policy cornerstone in the Caucasus is Azerbaijan, for several reasons. Firstly, Azerbaijan is closely linked culturally and linguistically to Turkey, and there is a strongly pro-Azerbaijani public opinion in Turkey. Secondly, Azerbaijan is the largest and most populous country in the Caucasus, the only one sharing a border with both Iran and Russia, and the country that has the oil and gas resources in the region. Simply put, it is the geopolitical pivot of the region. But the pragmatic shift in Turkish policy also led it to improve relations with Georgia, which is Turkey's bridge to Azerbaijan and Central Asia, and the link in Turkey's ambitions to become and energy corridor for Caspian oil and gas to western markets. Whereas Georgia was neglected in the early 1990s, Turkey in the late 1990s dramatically improved its relations with Georgia to the level of a strategic partnership. Turkey has assisted the Georgian military, and also contributes to running the Georgian military academy. The only South Caucasian country with which Turkey has extremely poor relations is with Armenia. Armenia sees Turkey as the chief threat to its security, and still suspects Turkey of having genocidal ambitions against Armenia. Turkey, for its part, refuses to recognize the occurrence of a Genocide of Armenians during the First World War and sees the Armenian government's struggle to achieve international recognition of the alleged Genocide as a step toward territorial demands on Turkey – a fear compounded by the Armenian government's reluctance to recognize its border with Turkey. Ankara reacted strongly to Armenia's

occupation of Azerbaijani territories in 1992-93, and refuses to open diplomatic relations with Armenia until it withdraws from the occupied territories in Azerbaijan. Turkey's military and security role in the South Caucasus increased gradually in the early 2000s.

Turkey's increased posture in the Caucasus became apparent when Iran in the summer of 2001 escalated the conflict over the delimitation of the Caspian sea. Azerbaijani research vessels operating in a zone Azerbaijan considers its own, but which Iran recently laid claims to, were forced out of the area by an Iranian naval vessel, threatening to open fire. This was followed by almost two weeks of daily overflights of Azerbaijani waters and land by the Iranian air force, which eventually prompted a Turkish reaction. Turkish Chief of General Staff Gen. Hüseyin Kivrikoglu visited Baku to celebrate the graduation of the first batch of Turkish-trained Cadets from Azerbaijan's military academy, and was accompanied by a squadron of Turkish jet fighters that performed an air show over the skies of Baku. The Iranian response was muted, however no similar moves from Tehran have been witnessed since. In the aftermath of this event, American military assistance to Azerbaijan increased, with a focus on naval defense.

Iran

Iran's foreign policy had before 1991 been focused on its southern borders, on the Gulf and on Iraq. Having just emerged from the eight-year war with Baghdad and the dramatically increased American military presence after operation Desert Storm, disturbances on its northern border was something Tehran did not need. Yet within a year of the collapse of the USSR, fighting between Armenia and Azerbaijan was taking place on the very Iranian border, and with Armenia's occupation of Azerbaijani territories near the Iranian border, Iran saw an influx of Azeri refugees into its territory. The war between its two neighbors have revealed deep contradictions in Iranian foreign policy, which has been determined by three main facets: A concern over the establishment of a republic of Azerbaijan; significantly developed relations with Russia; and an ambition not to be left out of the development of energy resources in the Caspian sea.

Iran's concerns over Azerbaijan stem from the existence of a 20-million strong Azerbaijani Turkic population in Iran's northwestern regions. Three of four Azeris live in Iran, not the Republic of Azerbaijan. This minority has historically been well-integrated into Iranian society, but with the decay of the revolutionary regime, the Iranian government fears that ethnic nationalist ideas may gain a foothold in its Azeri population – especially if Azerbaijan became wealthy due to its energy resources. For this reason, Tehran has sought to limit Azerbaijan's independence and especially sought to counteract its pro-western, pro-Turkic foreign policy, which have included close links with Israel. In this context, Tehran's foreign policy goals to a significant extent parallel Moscow's, and the joint quest to limit Turkish and American influence in the South Caucasus has formed one reason for the increasingly close relationship between Moscow and Tehran. Iran also seeks to break out of its isolation and develop nuclear technologies, and Russia's willingness to supply both sensitive technologies and conventional weapons to Iran, ignoring American protests, has given this relationship a further dimension. Finally, Tehran seeks to get its share from the Caspian oil and gas development, from which it is largely excluded due to American sanctions legislation. This made a pipeline through Iran politically impossible, and has limited Iranian participation in consortia in the Caspian. Meanwhile, Iran's sector of the Caspian has very limited resources, leading Tehran to espouse first a 'condominium' approach to the Caspian sea, and when that failed, a 20%-share for itself, whereas median line delimitation would grant Iran only a 13% sector.

The United States

The U.S. interest in the South Caucasus was relatively limited in the early 1990s, as a Russi-first policy dominated the first Clinton Administration. However, since 1994, interest in the South Caucasus and Caspian region increased, and was spearheaded by two camps: the Department of Defense and the Oil industry. The Defense Department saw the South Caucasus as a strategically important region, as well as Central Asia, and influenced the U.S. Government to support independence and political stability of the South Caucasian States. The oil industry sought government support in its ambition to gain a comparative advantage in the region over its competitors, and to maximize its market share in the extraction of Caspian oil. Moreover, it need U.S. government influence in order to stabilize the area to decrease political risks. By the late 1990s, increasingly powerful forces in the administration saw the Caucasus as the necessary lynchpin for any U.S. role in Central Asia, and designated it an area of important American national interests. This perception increased dramatically in the aftermath of the terrorist attacks of September 11, 2002 and the war on terrorism. The U.S. deployed military units in Central Asia, a region that became a new focus of U.S. foreign policy. As the U.S. could not rely on supply routes through Iran, Russia, or China, and as supply lines through Pakistan and Afghanistan were neither practical nor reliable, the Caucasus once again became a geostrategically crucial area. For the U.S., the Caucasus became a crucial corridor, as all American aircraft that took part in military operations in Afghanistan from bases in the U.S. or Europe transited the airspace of Georgia and Azerbaijan. Sanctions that had been imposed at the initiative of the Armenian lobby in the U.S. Congress against Azerbaijan 1992 were finally waived, a long-standing desire of the administration. With this waiver, the Pentagon began a large program of military cooperation with Azerbaijan. In February, after warnings that the Al Qaeda network was present in Georgia's Pankisi gorge, U.S. troops were sent to Georgia, tasked to train Georgian special forces in a bid to build up the Georgian army and to help Tbilisi assert control over the situation in Pankisi. In fact, the move seems only partly to have been conditioned by a fear of Al Qaeda presence, and equally due to increased worry Russia might unilaterally intervene militarily in Georgia, which would threaten Georgia's security and therefore American security and energy interests. American attention to the South Caucasus is hence likely to remain high, and American coordination with Turkey is an important element in its engagement there, as shown by the recent Turkish involvement in the setting up of Georgia's military academy.

Foreign Policy Implications for the South Caucasus

The foreign policy of the three South Caucasian states is determined by several factors. These include, firstly, their own domestic politics, which are intimately linked to the ethnic conflicts they are all involved in; secondly, the policy and interests of the regional powers toward the region and the balance of power between them, as mentioned above; and third, by the elite politics within the respective countries. With these criteria as a basis, the South Caucasian states have developed a set of very different foreign policy concerns, that have prevented a united stance among the three states, and therefore contrasting and conflicting policies that have in turn interacted with the rival policies of the regional powers.

Armenia

Armenia's foreign policy is determined overwhelmingly by the Nagorno-Karabakh conflict, and by the determination to turn its military victory in the conflict into an internationally recognized reality. This has involved a diplomatic campaign utilizing the Armenian Diaspora in the west and in Russia, as well as a quest to preserve good relations with both Russia, the United States, and Iran, antagonizing neither of them, the so-called policy of 'complementarity'. More directly, Armenia's foreign policy has had to deal with the cutting of

economic links with Azerbaijan, which was a major conduit for Armenia's relations with Russia, as well as the fallout of the conflict in Abkhazia, which cut the other major artery of supplies from Russia to Armenia, the railroad that connected Georgia to Russia via Abkhazia. In these dire economic conditions, Turkey's siding with Azerbaijan and paralleling the Azerbaijani economic embargo toward Armenia hit the country particularly hard. Meanwhile, Turkey's overtly pro-Azerbaijani stance and hostile gestures at the time Armenia proceeded to occupy Azerbaijani territories led to an urge to address Armenia's regional isolation. Armenia had been relatively anti-Soviet in the late 1980s, whereas Azerbaijan had remained loyal to Moscow in order to enlist Soviet support for its *status quo* policy on Nagorno-Karabakh. With independence, President Ter-Petrosian attempted to keep cordial relations with Turkey, in order to retain maneuverability in his government's foreign policy. However, this proved impossible already by February 1992, when a massacre of Azerbaijanis took place in Nagorno-Karabakh, prompting heavy Turkish diplomatic pressure on Armenia, and threats of intervention in the war. This Turkish policy immediately resonated in Armenian society, where memories of the 1915 massacres were still vivid, and fear of a Turkish intention to commit a genocide on Armenians was strong. Isolated between hostile Turkey and Azerbaijan and with then chaotic Georgia on its northern border, Armenia took two major foreign policy steps: firstly, it rapidly mended relations with Russia and signed a military agreement with Moscow in May 1992. This immediately led to a pro-Armenian shift in the Russian leadership, especially the military, and support in the conflict with Azerbaijan. Taking shelter under Russia's wings also gave Armenia powerful protection against any possible Turkish involvement in the Nagorno-Karabakh conflict, hence freeing Armenia's back to pursue the war with Azerbaijan. Yet economically, Russia could do only so much to help Armenia, as its own economy was in shambles and as the transportation network connecting Russia and Armenia was not available. Armenia hence turned to Iran, which proved willing to supply Armenia with energy and other goods, including foodstuffs, that effectively sustained the country during the Azerbaijani-Turkish embargo.

Armenia also benefited greatly from the powerful Armenian lobby in crucial western countries, especially the United States and France, which ensured that the Armenian perspective on the conflict dominated in the west during the early and mid-1990s. In the U.S. Congress, the Armenian lobby managed to accomplish the passing of a piece of legislation, Section 907a of the Freedom Support Act of Spring 1992, which prohibited American government-to-government assistance to Azerbaijan. This caught Azerbaijan unaware, not even having established a diplomatic representation in Washington at the time. Intensive lobbying on the part of Azerbaijan, supported later by the oil and Jewish lobbies, did not manage to remove section 907a until the aftermath of September 11. Armenia hence found itself an important chain in a north-south axis between Russia and Iran, which was intended to restrain Turkish – but also, less explicitly, American influence in the Caucasus. In spite of its close relations with Tehran, Yerevan nevertheless managed to maintain cordial relations with Washington. It succeeded in minimizing the negative fallout from its support for Nagorno-Karabakh's secession from Azerbaijan, but has failed in turning this victory into a politically accepted reality. Toward the late 1990s, Azerbaijan's position in the conflict began to receive increasing understanding in the west, and pressure on Armenia to respect Azerbaijan's territorial integrity grew. The OSCE Lisbon summit of December 1996 was a major blow to Armenia, as all OSCE member states recognized Azerbaijan's territorial integrity, thereby lending credence to the Azerbaijani position. By the early 2000s, Armenia's regional isolation became increasingly troubling, as most regional cooperation projects centered on Georgia and Azerbaijan, Armenia being left out completely of the energy business in the region. This had led President Ter-Petrosian to realize the need for Armenia to find an honorable compromise to the Nagorno-Karabakh conflict in 1997, when he

supported an OSCE peace plan that would have left Nagorno-Karabakh within Azerbaijan. This led to a palace coup led by Prime Minister Robert Kocharian, Defense Minister Serzh Sarkissian, and Defense Minister Vazgen Sarkisian, which forced Ter-Petrosian to resign. Kocharian and Serzh Sarkissian both hail from Nagorno-Karabakh, and have since followed an uncompromising policy on Karabakh's independence from Azerbaijan.

In the aftermath of September 11, Azerbaijan and Georgia very rapidly pledged full support with the United States, and gained significant status in Washington as key regional allies in the war on terrorism. Armenia's dependence on Russia, however, prevented Yerevan from pursuing a similarly straightforwardly pro-American policy. Though Yerevan did support Washington, it did not immediately grant blanket overflight rights or basing and refueling facilities as Tbilisi and Baku rushed to do. Armenia then suffered another setback as its cooperation with Iran received closer scrutiny in Washington, and two Armenian companies were put on an American blacklist. In sum, September 11 and its aftermath led to relative loss for Armenia in the regional politics of the South Caucasus, as it further deepened Armenia's isolation from major processes in the region.

Azerbaijan

Like the case of Armenia, Azerbaijan's foreign policy is to a significant extent determined by the Nagorno-Karabakh conflict. However, Azerbaijan also has another significant vector in its foreign policy – the energy dimension. As concerns Nagorno-Karabakh, the Azerbaijani diplomatic struggle was an uphill battle, in which Armenia was way ahead in the early 1990s. Azerbaijan has also been characterized by internal turmoil to a higher extent than Armenia, which has affected its foreign policy. The coming to power of the Popular Front government under Abulfez Elçibey in Summer 1992 led to a complete reorientation of Azerbaijan's foreign policy. From the pro-Moscow Communist administration of Ayaz Mutalibov, Elçibey launched a staunchly independent and heavily pro-Turkish foreign policy. This policy was also anti-Russian, mainly due to Moscow's stance in Azerbaijan's conflict with Armenia, but even more vehemently anti-Iranian. Elçibey refused to join the CIS, and regarding Iran had nothing but contempt for the Iranian clerical regime, and condemned what he termed the violation of the rights of the Azerbaijani minority in Iran. As a result, Azerbaijan attracted the enmity of its two most powerful neighbors, which was detrimental to its position at a time of war with Armenia and a weak, internally divided state. Although Elçibey initially made some advances in the war and managed to gather a semblance of a national army, the Russian-sponsored coup by renegade army commander Surat Husseinov in May-June 1993 spelled the end of his rule. Husseinov had retreated from the front in February to his home town of Ganja with his private army. In May, the 104th Russian airborne regiment, stationed in Ganja, left Azerbaijan, without informing the authorities, seven months prior to the date agreed for its departure. Only, they left the bulk of their weapons to Husseinov's forces, who then moved to launch a 'march on Baku' to clean out the Elçibey government.

President Aliyev, who succeeded Elçibey after having 'stolen' the coup from Husseinov with Turkish backing, realigned Azerbaijani policy. He acceded to the CIS, which brought more balance to the Russian policy toward the conflict. As Azerbaijan received tanks and helicopters from Russia, and a stalemate developed in the conflict that helped bring about a cease-fire in May 1994. Aliyev managed to avoid Russian military bases, though he had earlier mentioned the possibility of accepting them, and instead capitalized on the interest of oil companies in the offshore oil resources of Azerbaijan. A $7 Billion contract was signed in October 1994 with a consortium of major oil international companies, helping Azerbaijan to emerge as an actor on the international energy scene. Aliyev then mended relations with Iran, while in effect not diverging from his predecessor's pro-western and pro-Turkish policy. The west remained Azerbaijan's priority, but Aliyev spent great efforts to pursue these while still

attempting to build functioning relations with Moscow and Tehran. Aliyev encouraged the Turkish military to help build the Azerbaijani army and set up a military academy, and began developing and deepening relations with Georgia. Georgia proved a crucial country for Azerbaijan's security, its link to Turkey and the west, and the conduit of its planned energy exports westward. Aliyev forged a strong personal linkage with his Georgian counterpart, Eduard Shevardnadze, who, like himself, had been a top Soviet official. The two men shared a determination to secure the independence of their two countries, and the realization that their countries' independence strengthened each other. On other political fronts, Azerbaijan widened its diplomatic relations, establishing close ties with Israel, which gave importance to Baku in order to counter Iran's influence; this led to the Jewish lobby in the U.S. Congress extending support for Azerbaijan. Later, Aliyev built closer relations with Pakistan, which at several occasions has offered Azerbaijan military assistance. Aliyev also courted the United States, which extended an invitation to him in 1997. Since then, Aliyev has visited America on a yearly basis, among other forging a relationship with former President George Bush, Sr. By the late 1990s, the U.S. administration was working to have section 907a removed in Congress, though unsuccessfully, and was giving increasing importance to relations with Azerbaijan. Aliyev's attempts to develop relations with Iran nevertheless bore less fruit. Relations remained strained as mutual suspicion remained, in Baku for Tehran's alleged sponsoring of the Islamic Party of Azerbaijan and the radical underground Islamic movement *Jeyshullah*; in Tehran for Baku's close relations with Tel Aviv and Washington. Immediately before September 11, the above-mentioned Iranian naval threat to Azerbaijan took place in the Caspian sea, leading to plunging relations. In fact, many Azerbaijani analysts have concluded that Iran is the single largest security threat to their country; Armenia may occupy Karabakh and neighboring regions, but not capable of threatening the country's existence; nor is Russia fundamentally opposed to the state of Azerbaijan. Iran, they argue, nevertheless is.

The global shake-up after September 11, 2001, improved Azerbaijan's geopolitical standing. Section 907a was waived by President George W. Bush, and the Pentagon began a large package of military assistance to Azerbaijan. Baku's rapid and complete support for the American war on terrorism in Afghanistan, and globally, earned Aliyev respect in the U.S.. This has so far not translated into a large American involvement in conflict resolution as regards Nagorno-Karabakh, but indeed to the building of deeper strategic relations between Washington and Baku – and therefore also to an increased U.S. commitment to Azerbaijan's security and stability.

Georgia

If Armenia sees Turkey as its main threat and Azerbaijan perceives Iran as a hostile power, the main threat to Georgia's security is clearly Russia. From its support for ethnic separatism that has fragmented the country, to discriminatory visa regulations, military bases in minority areas, involvement in assassination attempts on Georgia's President, cutting of gas supplies at sensitive points – including during negotiations on the withdrawal of military bases – and direct bombings of Georgian territory and threats of unilateral military action, Moscow has made it abundantly clear that it disapproves of Georgia's pro-western foreign policy and is both capable of and willing to undermine Georgia's stability and independence in order to force Georgia to pursue a foreign policy that suits Moscow's interests. This policy has nevertheless deepened anti-Russian sentiments in Georgia, decreasing the likelihood that a pro-Russian leadership can ever come to power in Tbilisi. In fact, it has further pushed the Georgian government to reliance on the west, and specifically the United States, for its security.

Georgia, unlike Azerbaijan, has no oil; and unlike Armenia, it has no well-connected Diaspora. However, it has capitalized on the image of its President in the west in order to increase awareness of its precarious situation. The Georgian leadership has given significant importance to positioning itself as an important transit country in the east-west corridor, primarily the oil and gas pipelines from Azerbaijan to Turkey and on to western markets. Whereas attention to Georgia's security in the west began in the mid-1990s, it was not until the end of the decade that Tbilisi managed to get significant aid from the west. In fact, it is no exaggeration to say that western aid (with American aid alone being in the range of $100 million per year) has kept Georgia alive. This has important implications for foreign policy, as it has deepened Georgia's dependence on the west from being a mainly political one to a strong financial dependence.

However, Georgia has, even compared to Azerbaijan, failed to create an efficient state that controls its territory. The central government does not exercise effective control over outlying areas like Javakheti, the autonomous republic of Ajaria, parts of Svaneti and Mingrelia in the West, or areas in the north like the Pankisi gorge. This weakness of the Georgian state enabled Chechen refugees, including several hundred rebel fighters, to find a haven in Pankisi. This in turn provided Russia with ample ammunition to use the issue to put pressure on Georgia. Likewise, the rampant corruption in the government that Shevardnadze has been either unwilling or unable to either control or rein in has prevented Georgia from building up its energy sector. Similarly to the Pankisi case, this has made Georgia dependent on Russian gas supplies, and hence weakened Georgia's position vis-à-vis Moscow.

As for Azerbaijan, the terrorist attacks of September 11 provided Georgia with an opportunity to show its importance to the west, in fact giving the country a new lease on life. Georgia's crucial position as a conduit between NATO and Azerbaijan and Central Asia became obvious and widely recognized, and the U.S. administration made clear it would seek to help Georgia rebuild stability. Meanwhile, Russian pressure on Georgia increased dramatically as Moscow used the rhetoric of the war on terrorism to justify a military intervention in Georgia. In February 2002, a senior American diplomat warned of a possible Al Qaeda presence in the Pankisi gorge. This led to the deployment of a contingent of 200 American special forces for a train-and-equip program for the Georgian military, effectively pre-empting a Russian military action, while the U.S. administration strongly rejected any comparisons between Georgia and Saddam Hussein and indicated it would not permit a Russian action against Georgia. At present, Georgia is still trying to consolidate its military relations with the United States, Great Britain and Turkey into a more permanent partnership that will provide extended security assistance to the country.

Transnational Security Threats

A less frequently mentioned security threat to the South Caucasus, besides ethnic conflicts and geopolitical machinations, is the gradually increasing role of transnational crime in the region. Since the early 1990s, the states of the South Caucasus have been increasingly plagued by illicit activities perpetrated by criminal organizations. In addition to cigarette, fuel and alcohol smuggling rings – which pose little more than an economic threat – the region, situated along both the 'Balkan' and 'Northern' smuggling routes, is an important international centre for narcotics and arms trafficking. Widespread corruption, political and economic instability, and both real and potential armed conflict have further helped the rooting of transnational crime in the Caucasus.

An important factor in transnational criminal activities has been related to the existence of uncontrolled, separatist territories, including approximately 30% of Georgia and 20% of Azerbaijan. The salience of armed conflict in the region makes it a logical conduit for arms smuggling, especially given its proximity to weapon markets including Russia, Turkey and the

Arab world, Given the unresolved nature of these conflicts, there is both a great demand for arms in the region and a steady supply.

Trafficking operations in the South Caucasus are run mainly by organized, transnational criminal networks, highly organized entities with influential leaders and connections to key state institutions, in some cases directly connected to the upper echelons of government. The Caucasus is increasingly a transshipment point for Afghan-origin heroin to Europe, given its location between the Caspian and Black sea. Drugs from Afghanistan transit the closed desert country of Turkmenistan relatively easily, after which they are transport over the Caspian sea to the Caucasus, in order to be taken through the Caucasus to the Black sea and on to the Balkans or Central Europe. The Caucasus also neighbors Iran and Turkey, traditional smuggling routs in the heroin business. Particularly important areas are the port of Sumgait north of Baku in Azerbaijan; and the uncontrolled territories of Abkhazia and South Ossetia in Georgia, which have become smuggling havens. Abkhazia, on the Black sea coast with its ports of Sukhumi, Ochamchira and Gudauta, is a key heroin transiting point from where narcotics are shipped to the Ukraine and Rumania. The existence of serious corruption within the Azerbaijani and Georgian law enforcement agencies and military have facilitated criminal activities. The arms trade is rampant in South Ossetia, and since 1990, Georgian officials have confiscated approximately 20,000 wagons of weapons and ammunition. Another worrying fact is that the Caucasus is appearing to become a transshipment are for nuclear, biological, chemical and radiological weapons. Cases of clandestine trafficking of radiological material have been publicized in Georgia, primarily through Georgia. Moreover, enriched uranium and other radioactive materials stored in Abkhazia are alleged to have been sold to Iraq or terrorist groups during the war in Abkhazia, though little solid evidence exists.

The Strategic Balance in the South Caucasus

The sum of the ethnic relations within the region, the foreign policy of the three states, and the policies and actions of the regional powers, is an intricate web of relations and linkages across the intra-state, inter-state, and regional levels that compose the framework of the political reality of the contemporary Caucasus. At present, there is a fairly clear equilibrium in the region, which has contributed to the deadlocked character of the ethnopolitical conflicts. Moves to alter the balance in any given conflict could destroy the entire balance in the region, and in the process carries the risk of drawing one or several of the regional powers into the conflict. At the same time, the equilibrium in the South Caucasus in unsustainable. The present situation does not only breed frustration that risks re-igniting ethnopolitical conflict, it also hinders economic development, slows down democratic development, breeds transnational crime and corruption, and keeps parts of the region frozen and isolated. The political culture of the region remains partly stuck in a nationalist, conflict-prone level that is certain to dominate as long as the conflicts are unsolved. This in turn prevents the development of a truly democratic political culture in the region. Dire socio-economic conditions are fed in part by the conflicts, which have discouraged investments and hindered trade and regional cooperation; they also imperil democracy as they feed economic frustration that provides a fertile ground for undemocratic and extremist movements.

On a deeper level, the state structures of the South Caucasian states remain weak, and the vicious circle of unresolved conflict, poverty, and undemocratic political cultures keeps them from transforming into efficient governing machines, instead fueling corruption and mismanagement. Conflict, poverty and corruption also create ideal conditions for transnational criminal networks that have penetrated the region and play an increasingly important role behind the scenes.

In sum, the strategic balance in the South Caucasus is precarious. The chief threats to security that are present in the region are primarily the threat of renewed ethnic conflict and the threat

of civil conflicts in a succession struggle, these two phenomena in no way being mutually exclusive. Lesser though still important threats remain the possible unilateral military intervention of a larger neighbor, most likely Russia, and the strengthening of religious radicalism in the region.

Among ethnic hotspots, the largest risk in the short to medium term is the resumption of armed conflict between Armenia and Azerbaijan. The most likely scenario of a new war is a change of leadership in Azerbaijan, especially if it occurs after the completion of the Baku-Ceyhan pipeline in 2005. A weaker government will find a need to legitimize itself, and Azerbaijan will have strengthened economically and militarily. The new government may hence find itself under intense pressure to seek a military solution to the conflict. If no new impetus is injected into negotiations, which at present can only happen if the international community increases its involvement, the risk of a new war will increase rapidly in coming years. The conflict in Abkhazia is also at risk of re-emergence, especially if the Train-and-Equip program strengthens the Georgian military, which is at present thoroughly disorganized and demoralized. However, should an elite formation of Georgian troops be set in place, the Georgian government may bow to popular pressures to intervene militarily. Again, this is most likely to occur during or after a transition of power. Thirdly, the situation in Javakheti is worrisome and could, if development take a wrong turn, lead to a new ethnopolitical conflict that is the only one that could spark a wider, Caucasian war. Triggering factors that could spark a conflict in Javakheti are the possible withdrawal of the Russian military base in Akhalkalaki; the repatriation of the exiled Meskhetian Turks; clan struggles in the region; and increased nationalist activity of ethnic Armenian separatist movements. If a conflict indeed erupts between local Armenians and the Georgian state, the risk of elements within Armenia or Armenia as a state being drawn into the conflict are apparent. Should this happen, Azerbaijan may be tempted to use Armenia's distraction – and the likely cutting of supply routes through Georgia – to attempt to wrest Nagorno-Karabakh and other occupied territories from Armenian control. In this situation, a joint Azerbaijani-Georgian war effort is not far-fetched, and could directly involve Turkey and Russia, with their military alliances with opposing parties, and indirectly both the United States and Iran. This is of course a worst-case scenario, but by no means an unthinkable one. In fact, it shows the potential for wider conflagrations that find their source in the South Caucasus.

Internal factors can also deeply destabilize the region. The most likely candidates are Azerbaijan and Georgia, with the personalistic styles of Government of their respective Presidents. The sudden departure of either of the two leaders could spark a domestic struggle for power that may turn violent, and in which regional powers may very well interfere, probably covertly, to support a favorite candidate for the succession. The role of international organizations in preparing these countries for the inevitable succession. Efforts to build democratic governance and civil society are the best ways to decrease the risk of violence in the political future of the regional states.

Finally, the unilateral intervention of a regional power in the South Caucasus is also a possible threat to stability. Most worrying has been Russia's overt threats of intervention in Georgia, however the American military engagement has, at least temporarily, decreased the risk of Moscow actually pursuing an adventurist policy in Georgia. Should American troops withdraw, the risk may again increase. Russia may also intervene if Armenia is threatened by a new war with Azerbaijan, though that would depend on Moscow's relations with Baku at the given moment. There are also scenarios in which Iran or Turkey would intervene militarily, though thy are unlikely. Iranian intervention may happen only if talks on the Caspian sea delimitation collapse completely, and would likely be limited to air and naval demonstrations of force and possible minor skirmishes. A ground attack is highly unlikely, unless the Azerbaijani minority in Iran experiences major unrest and the republic of Azerbaijan gets

drawn into this directly or indirectly. Turkey is unlikely to intervene militarily unless the Armenian-Azerbaijani conflict re-emerges – in which case a Turkish participation cannot be excluded – or if a grave collapse of the Georgian state takes place that would threaten Turkish interests and prompt action to stabilize the country. The latter scenario would also possibly lead to a limited American military intervention. External powers other than the four major players are unlikely to be directly involved; an exception is Pakistan, which potentially may support Azerbaijan indirectly in the event a new war with Armenia.

The likelihood of either of the above-mentioned security threats is very difficult to determine. At present, the conflict risk can be characterized as moderate, yet a number of either domestic or regional issues may alter that assessment very rapidly.

Democratization in the Caucasus

Three particular issues of concern in the democratic development of the South Caucasus are studied in deeper detail here. The first is a central issue of any democratic system, that of division of power. The question is basically to what extent the South Caucasian governments have come in the transition from being communist dictatorships where the executive controlled the other branches of government – the legislative and the judiciary branches – to full-scale democracies where an intricate system of checks and balances ensures the independence of these branches of government from one another?

A second question relates to one of the cornerstone of participatory politics: political parties. Do these states have developed political party systems? Are opposition parties operating freely within the political systems of these countries? Is there a developing political party culture in the region? Are parties strong institutions based on political programs or simply vehicles for the personal ambitions of a single political leader?

Finally, the study turns to the issue of decentralization of power and the devolution of power to ethnic minorities. Both items have been stressed by the international community since the independence of the former Soviet states, of which the South Caucasus is a part. The study assesses these processes in the three states, and how they relate to the building of stronger, functioning states in the region.

Division of power between branches of Government

All three countries in the South Caucasus share a Presidential form of government, though political forces in all three states urge the strengthening of parliament. In practice, Azerbaijan is the country of the three where the executive authority dominates to the highest degree, whereas Georgia is the one with the factually weakest presidency, with Armenia ranking in between. In the case of Azerbaijan, the situation is progressing very slowly, and will likely remain dominated by President Aliyev for as long as he stays in power. The potential is nevertheless there for a stronger legislative authority in the future. Armenia has a slightly milder form of Presidential rule, and has unlike Azerbaijan experienced tensions between the President and the Parliament. Yet President Kocharian has reneged on promises to strengthen the legislative branch, and has increasingly tried to concentrate power in his own hands. In Georgia, substantial reform has been done, but until November 2001 the President still controlled the parliament through a solid pro-presidential majority. As the ruling party collapsed in late 2001, the relationship between the Georgian President and Parliament is rather chaotic, with different constellations of opposition and pro-presidential alliances forming and dissolving in the parliament. Very often, though, it is behind-the-scenes deals and not official politics that decide important issues including the appointment of the cabinet. The unruly Georgian domestic scene causes worry for the post-2005 period, after the end of President Shevardnadze's term.

The judiciary power in all three countries of the South Caucasus remains heavily influenced by the executive. Constitutional courts have not yet challenged the executive on any central issues, and lower level courts remain malleable to the interests of government, and moreover have a deep problem with corruption.

Armenia

Armenia is a presidential republic, whose constitution, and thus power distribution among the three branches of government, is modeled after the system in France. Therefore, Armenia can

be characterized as a country with a strong presidential power and a weak system of "checks and balances". In 1998, President Robert Kocharian promised to make amendments to the Constitution and give up some of his powers, yet he has made it clear that he was against changing the country's current system of governance.

The Executive Power. The previous Armenian president, Levon Ter-Petrosian, was ousted from his position by members of his Cabinet in 1997. This shows the vulnerability of the presidential power to domestic opposition, in case a conflict arises within the leadership. Yet current President Kocharian enjoys broad powers in his relations with the Parliament and the Constitutional Court. Upon nomination by the Prime Minister, he appoints all members of the Cabinet of Ministers. Although according to the constitution of Armenia, all the ministers have equal status, some ministers, such as those responsible for defense, foreign affairs, national security, and the interior deal with and receive supervision directly from the President, thus bypassing the prime minister and the Parliament. The President controls the heads of local administrative divisions and single-handedly decides on issues of foreign policy and national security, and also deals with pardons.

The Legislative Power: The Armenian National Assembly has 131 deputies. They are elected in a mixed proportional (94 seats) and majoritarian (37 seats) system. The deputies' term is five years and they all enjoy full immunity from prosecution during this term. As a result of the latest parliamentary elections in 1999, several parties passed the necessary threshold, thus creating a legislative body with a multi-party composition. The party that gained the majority of seats, the Miasnutiun alliance, formed the government and selected a Prime Minister, Vazgen Sarkissian. The legislative body is responsible for approving the state budget and has the authority to unseat the entire government with a vote of no confidence. It can also impeach the President with a two thirds majority, if the Constitutional Court finds him guilty of major offenses. However, the parliamentarians have rarely been at odds with the executive branch in practice, mainly because the President has a power to dismiss Parliament and call new elections. The only time when Parliament and the President came to a true standoff was right after the parliamentary shootings in October 1999. At that time, the parliamentary majority Miasnutiun accused President Kocharian of masterminding this terror act, which rocked Armenia's political stability. The standoff between the two branches continued for 7 months and ended with President Kocharian prevailing in May 2000. By that time, he had reshuffled the Cabinet and managed to gain supporters in the Parliament, thus ensuring that the parliamentary majority backed his policies.

Parliament's power to oversee the executive power is limited. It has, however, in the past created special ad hoc commissions and held hearings on issues of popular concern. Parliament also has an Oversight Chamber for auditing government revenue collections and expenditures, and assessing compliance with budget targets. It has frequently criticized the government, but lacks real power to impact the policy. In 2001, a group of opposition parties including the People's Party, the Democratic Party, and the National Accord Party, which constitute the major opposition force in the Parliament, teamed up to impeach President Kocharian. The attempt was unsuccessful, yet showed the strength of the opposition in the legislative body. Currently, the opposition deputies are united in an unofficial faction, which has 28 deputies. Parliamentary opposition also managed to discourage President Kocharian from making amendments to the country's Constitution in 2002. Generally speaking, Parliament was more independent in the period between independence and 2000. Since then, President Kocharian effectively continued to strengthen his power, and thus decreased the possibilities for Parliament to control or influence his policies.

The Judiciary Power. The Constitutional Court of Armenia is the body responsible for interpreting and enforcing the basic law. Only the President, the Parliament and candidates in

elections can make appeals to the Constitutional Court, thus making this body inaccessible to the ordinary citizens. As a result, there have been few appeals to the Constitutional Court. In the past, the Constitutional Court showed its independence vis-a-vis the executive and legislative branches. For example, in 1999 it challenged the executive branch by ruling that the decision to grant the monopoly over the telecommunications sector to the Greek company Armentel was unconstitutional. It also, in 2000, ruled that the ouster of parliamentary speaker Armen Khachatrian by a majority of deputies was unconstitutional. These cases, however, do not reflect a general picture.

The court system in general has been weak and corrupt. Its dependence on the executive branch has been its main characterizing feature in the post-Soviet period. Politics and politicians heavily influence Court decisions. Thus, the judiciary power in Armenia has so far failed to become a watchdog over the other two branches.

Azerbaijan

The Presidential Power: According to the Constitution of Azerbaijan, adopted by referendum in 1995, Azerbaijan is a presidential republic. This definition gives the President a broad range of rights and freedoms in the governance of the State, which makes the presidential authority strong both in theory and in practice. According to the Constitution, the President is elected for five years via universal and direct elections. Among his numerous powers are the appointment of the Prime Minister, other members of the Cabinet of Ministers, the heads of the local executive committees, the authority to declare states of emergency, martial law and war, announce mobilization and demobilization, grant state awards, settle issues of citizenship, granting political asylum, amnesties, appointing referendums, signing international agreements and treaties, etc. More importantly, the President has the right to dissolve the Parliament and announce new Parliamentary elections. All of these powers make Azerbaijan a "super-Presidential Republic". This is all in addition to the fact that the current President, Heydar Aliyev, is himself a strong leader, who has managed to establish a strong personal rule in the country.

The Legislative Power: The Milli Mejlis, Azerbaijan's Parliament, executes the legislative functions of the state. Within eleven years of independence, Azerbaijan has somewhat succeeded in developing a division of power between the three branches of government, but the share of Parliament's power appears to be significantly lower than that of the executive power. The Parliament has 125 deputies, who were, up to 2002, elected both on a proportional (25 seats) and majoritarian (100 seats) basis. However, the referendum of August 2002 abolished the proportional system of elections to the Milli Mejlis, thus leaving all 125 deputies to be elected from single mandate constituencies. The term of office of the Milli Mejlis is five years, during which deputies enjoy immunity. The constitution allows only the President, the Constitutional Court, the MPs, and the Nakhchivan Supreme Council to right of legislative initiative.

Elections to Parliament have been held in 1990, 1995 and 2000. The ruling Yeni Azerbaijan Party has dominated the last two elections, securing an overwhelming majority of seats. According to official figures YAP won 62.3% of votes in the 2000 Parliamentary elections, receiving 75 seats. Other parties that passed the 6% threshold were the opposition Popular Front Party (6 deputies), the Communist Party (2 deputies) and the Civil Solidarity Party (2 deputies). Although these elections were labeled as fraudulent by a number of international and domestic observers, the Parliament proceeded with its work and by 2002 has been generally accepted as the legitimate legislative body of the state. The constitution of Azerbaijan does not provide the Parliament with many rights. It is charged with the ratification or denunciation of international treaties, agreements and conventions; with the establishment of diplomatic representation upon the President's suggestion; the ratification of

the military doctrine upon the presentation of the President. Parliament is also responsible for the appointment of the members of the Constitutional Court and the Supreme Court, the General-prosecutor, the head of the National Bank, all upon the nomination of the President. Parliament also gives consent to declare war and gives consent to the Prime Ministerial candidate. The Parliament has also a theoretical power to impeach the President on the submission of the Constitutional Court. For this, the signature of 95 deputies is needed.

Despite these rights, the Parliament has not managed to avoid being dependent on the executive power. Until 1993, the Parliament has played an active and major role in the decision-making process in the country. However, since 1993, the Parliament has become a rubber stamp for the Presidential Office and has rarely been at odds with the President on any particular issue. The control of the majority of seats by the ruling party makes it hard for Parliament to challenge the executive power. At the same time, the fraudulent character of elections put deputies in the Parliament who are not always interested in representing the interests of their constituencies and solving their problems. They rather act as a silent majority, supporting the executive power.

Another sign of the weakness of the Parliament was shown when the newly established State Oil Fund of Azerbaijan was founded under the control of the President. The head of the State can, on his own, make decisions on the ways to spend the oil revenues, something that has angered opposition parties. Nevertheless, the Parliament has managed to develop a fairly strong legislative basis in the country. It has established good working relations with the Parliaments of other countries and continues to play an important role in the state governance. In summer 2002, under pressure from the Council of Europe, the Parliament adopted a law, which increased the power of the Parliament to control the activity of the Cabinet of Ministers. Specifically, the law requires the Prime Minister to make an annual report in front of the Parliament, something that had been missing all these previous years. In addition to this, every year, the Parliament uses the opportunity of approving the budget to debate with the Cabinet of Ministers over the budget allocations and policy priorities in the country.

The Judicial Power: The Constitution provides for an independent judiciary system. However, in practice, judges and courts heavily depend on the executive branch. The Constitutional Court of Azerbaijan, created in 1998, is the highest judiciary body in the country. Upon request from high state bodies, the Constitutional Court interprets the Constitution of Azerbaijan. It consists of 9 judges. The constitutional court has yet to prove its independence from the executive branch, as most of its decisions so far have been on non-sensitive and non-provocative matters, including on the housing code, pensions of citizens, the labor code, etc. As a result of the referendum in August 2002, ordinary citizens of Azerbaijan have gained access to the Constitutional court. The latter has not considered any of their cases yet, though.

The President appoints Supreme and Constitutional Court Judges, subject to confirmation by Parliament. Lower level judges are directly appointed by the President. Courts of general jurisdiction hear criminal, civil, and juvenile cases. The majority of cases are tried in district and municipal courts. The Supreme Court may also act as the court of first instance, depending on the nature and seriousness of the crime. The government appoints prosecutors to offices at the district, municipal, and national level. They are ultimately responsible to the Minister of Justice.

The Constitution prescribes an equal status for prosecutors and defense attorneys before the courts. In practice, prosecutors' prerogatives outweigh those of defense attorneys. The Constitution also provides for public defenders (article 61). Investigations often rely on obtaining confessions rather than obtaining evidence against suspects. Judges and prosecutors

are widely believed by the people to be corrupt. In the past year, the executive branch has used courts on numerous occasions to put pressure on mass media outlets.

Georgia

The 1995 Constitution declares the concept of separation of power as fundamental for Georgian statehood. Still, Georgia is a presidential country with a unicameral parliament. The President of Georgia is the Head of State and exercises executive power. The President shall be elected in free, universal, equal and direct suffrage by secret ballot for a term of five years. In April 2002 Eduard Shevardnadze was reelected to a second 5-year term as President in election marred by numerous serious irregularities. International observers strongly criticized the election, citing interference by state authorities in the electoral process and over violations. In short, the April 2000 presidential elections and the previous October 1999 parliamentary elections limited citizens' right to change their government.

The Executive Power: President Eduard Shevardnadze appoints Ministers, with the agreement of the Parliament. Until the government crisis of November 2001, Shevardnadze had no opposition from the Parliament since he relied on a loyal majority, but after this crisis, his nominees were either confirmed or rejected after hard battles. The process of nomination, appointment, or resignation of Ministers and their staff, was nevertheless described as absolutely nontransparent by Parliament Chairperson Nino Burjanadze.

The State Minister, who directs the President's office and is entrusted to fulfill the President's separate tasks, is also part of the Government. The State Minister's authority has gradually increased and under his control came not only the Ministries dealing with the Economy, but also the law-enforcement agencies. The State Minister's position was strengthened in order to form a counterbalance against former Speaker of Parliament Zurab Zhvania. It is widely believed that President Shevardnadze needed Zhvania and his team of reformers to demonstrate to the West Georgia's commitment to reforms and democratic changes, while the State Minister and the State Chancellery, composed mainly of former communist party activists, were needed to secure the interests of Shevardnadze's clan. State Ministers Lekishvili, Lordkipanidze, and especially Jorbenadze have been strong personalities, and acted in contrast with the group of Zhvania and former Justice Minister Mikhail Saakashvili. During the low profile of State Minister Arsenishvili, who sympathized with the reformers, the role of the "iron man" was given to the Minister of Interior Kakha Targamadze.

The State Minister and the Ministers of the economic block could fail if the Parliament refuses to approve the performance of the budget. As a rule, the State Chancellery presented erroneous figures on budget performance. Legislators mostly accepted the budget, with minor changes. Non-performance of the parameters of the state budget, despite support of the WB/IMF, became chronic. The Parliamentary factions "New Rights", "United Democrats", "Movement for democratic reforms" and "Traditionalists" have demanded President Shevardnadze to fire State Minister Avtandil Jorbenadze and the economic ministers. Among others, the opposition argue did not finance the army as had been decided by parliamentary resolution. Ignoring parliamentary resolutions is hence becoming risky for all executive bodies, including the President. Two parliamentary factions have already tried to impeach the President for not having complied with and implemented parliamentary decisions. However, one motion only garnered 10 and the other ca. 30 signatures whereas legislation requires 79 signatures of parliamentarians under a text of accusations, confirmed by the Supreme or Constitutional Court, in order to declare impeachment.

The Legislative Power: According to the Constitution, the Parliament of Georgia is the supreme representative body of the country which exercises legislative power, determines the main directions of domestic and foreign policy, and exercises general control over the Government.

The Parliament of Georgia has 235 members, elected for a four-year term, of which 150 are allocated by proportional representation and 85 by single-seat constituencies.

The last parliamentary elections were held in 1999 and were characterized by the OSCE as a step toward Georgia's compliance with European commitments. Out of 43 political parties and blocks that participated in the elections, only 3 blocs managed to pass the 7% barrier. the Citizens Union of Georgia won 130 seats, the All-Georgian Union of Revival 64 seats, and "Industry will Save Georgia" 15 seats. Besides, non-partisans and Abkhazian delegates were also presented in the Parliament with 16 and 12 seats, respectively. The Parliament began its term with a strong constitutional majority led by the CUG. Influential reformist leader Zurab Zhvania was elected Speaker, and a number of reformer-minded MPs received leadership positions. Zhvania's team influenced the development of a democratic legislature, as well as the composition of the Government. The Speaker and his team severely criticized corrupt governmental bodies, especially Minister of Interior Targamadze, and because of its uncompromising position came in conflict with President Shevardnadze.

Tensions between Shevardnadze and Zhvania, and the government crisis in November 2001 significantly changed the political landscape of the Parliament. Zhvania resigned, and was replaced by Nino Burjanadze. As the CUG disintegrated, four more factions emerged: the pro-Shevardnadze Tanadgoma (support), Mamaladze's "Alliance for a New Georgia", Zhvania's Democrats and Saakashvili's Movement for Democratic Reforms. Parliamentary posts were redistributed among the factions, and the reformers lost many of their key positions. The disintegration of the majority led to the collapse of the balance of power that existed in the legislative body. The new balance has yet to emerge, and the process is complicated because the opposition factions have failed to form a new majority. The Revival Bloc, once perceived as the main opposition force, has become a loose coalition with many deep internal differences, and has been unable to form the nucleus of a possible majority. A faction or party may support practically any kind of decision or policy, if it seems to be profitable or advantageous for them at the moment. In this context, the appointments of ministers after the November crisis is remarkable. Part of the President's nominees were opposed by reformists because of corruption, and another part by the Revival block, New Rights, and the Industrialists because of their close links with Zhvania. But in the end all nominees were confirmed by parliament. This fact demonstrated the deals made between factions, or between the factions and the nominees. "Deals" between legislators and the executive seem to increasingly influence parliamentary activities. This has also strengthened the Government's control over the Parliament.

The Judiciary Power: The Constitution provides for an independent judiciary. Its function is exercised only by courts, and a judge is appointed for a period of not less than ten years. The position of a judge is incompatible with any other occupation or remunerative activity, except teaching activities. A judge cannot be a member of a political party, or participate in political activities. Judges have personal immunity, and their families' security is guaranteed by the State.

The Constitutional Court of Georgia consists of nine judges. Three members of the court are appointed by the President, three members elected by the Parliament by three fifths of the total number of deputies, and three members are appointed by the Supreme Court. The tenure of the members of Constitutional Court is ten years. The Constitutional Court selects the Chairman of the court for a period of five years, which is not renewable. Decision of the Constitutional Court are final. Normative acts or parts thereof recognized as unconstitutional have no legal power from the moment the appropriate decision of the Constitutional Court is published. The Supreme Court of Georgia, in accordance with existing legal procedure, supervises the enforcement of justice of every court of Georgia. The Chairman and judges of

the Supreme Court of Georgia are nominated by the President and elected for a period of ten years by the Parliament. Despite its declared independence, the judiciary is subject to executive pressure. The judiciary was corrupt and did not ensure a due process. Justice Minister Michael Saakashvili initiated court reforms, that developed successfully during their first two years. According to WB experts, on the way to judiciary reforms, Georgia has taken a leading position among all ex-soviet republics. However, reforms to create a more independent judiciary were undermined by the failure to pay judges in a timely manner. The opposition accused the President of failure in court reform, since he had blocked reforms at the Prosecutor's Office and the Police, and also had not provided financing for the new system of legal procedure, which has been working only for less than two years.

Political Parties

The three Caucasian countries have a vibrant political party culture, something that clearly distinguishes them from Central Asian states, where conditions for opposition parties are dire. Dozens of predominantly small political parties exist in all three states, whereas invariably only a handful are important parties that could play a serious role in politics. At present, only Azerbaijan retains a dominant, president-controlled ruling party. Levon Ter-Petrosian had the Armenian Pan National Movement, and Eduard Shevardnadze relied on the parliamentary majority of the Citizen's Union of Georgia. However, Ter-Petrosian's successor Robert Kocharian has been forced to use divide and rule tactics against the opposition and much manipulation to construct a parliamentary majority in his favor, and in Georgia, the CUG collapse in November 2001 led to a complete dissolution of the existing parliamentary balance, with deep fragmentation of political forces. Shevardnadze has tried to assemble a new ruling coalition, but with little success.

All three countries share the fragmentation of opposition, which plays into the hands of Presidents trying to remain in power, and who in turn fuel the fragmentation in the opposition. In Azerbaijan, all major opposition parties except the Musavat Party have been split after covert Government interference; in Armenia, President Kocharian similarly encouraged the split of his major rival for power, the Miasnutiun alliance, into several opposing blocs. Meanwhile, pro-government forces in Armenia and Georgia are equally heterogeneous and kept together only fort short-term interests, whereas in Azerbaijan it is only the personal authority of President Aliyev that keeps the ruling New Azerbaijan Party together. It is composed of several different factions, with the typical split between old-time communists and more modern, reforming forces. This fragmentation on both sides of the current political divide in all three countries does not bode well for the future. It is likely to damage and hinder effective and good governance in the future, in the post-Aliyev and post-Shevardnadze periods in Georgia and Azerbaijan. On the other hand, this fragmentation is by no means undemocratic. In fact, it is quite normal for young states with short democratic histories to have a fragmented political system. Italy or Turkey, for example, have similar problems in spite of many decades of democracy behind them.

Armenia

Eleven years into its independence, Armenia has developed a full multi-party system. Similarly to Azerbaijan and Georgia, Armenia's over 100 political parties mostly consist of small, unknown parties, which play virtually no role in the domestic political decision-making process. Yet their existence and competition for political power during Parliamentary and Presidential elections are indicators of the development of a pluralistic system in the country. It must be however noted that the political parties have been on the defensive since May 2000, when President Kocharian started consolidating his Presidential power by effectively

fragmenting stronger political parties and preventing smaller political parties from entering into alliances.

The legal procedures for political parties in Armenia are fairly simple, and the party system in Armenia was further boosted in December 2000 when the Parliament decided to increase the seats elected under the proportional system from 56 to 94. The next elections to the 131-member National Assembly is scheduled for May 2003.

For most of the 1990s, the Armenian political arena was dominated by the Pan-Armenian National Movement (*Hayots Hamazgayin Sharjum*, HHSh), led by former President Levon Ter-Petrosian. The party grew out of the larger pro-independence movement, that started at the end of 1980s and advocated for the unification of Nagorno-Karabakh with Armenia. The party itself had a liberal-democratic orientation, urging large-scale and mass privatization and economic reforms. In 1996, President Ter-Petrosian ran for re-election and was challenged by the chairman of center-right National Democratic Union, Vazgen Manukian, a former Prime Minister and Minister of Defense. Under allegations of fraud, Ter-Petrosian won a narrow victory with 52%, but had to quell large protest riots in the streets.

After the resignation of President Ter-Petrosian in 1997, the HHSh was significantly weakened. Some of its members defected into the newly created Yerkrapah party. The Pan-Armenian National Movement has not played a significant role on the Armenian political scene since then, although sources close to Ter-Petrosian have recently announced that he is considering running for next year's Presidential elections. The post-Ter-Petrosian period is characterized by the accelerated development of a multi-party system in the country, as his successor, Robert Kocharian did not have his own political party. He did, however, enjoy the support of the Armenian Revolutionary Federation - Dashnaktsutiun (ARF), the party that had been banned during the presidency of Ter-Petrosian, but was liberated by Kocharian right after his election.

Under circumstances where President Kocharian did not have his own political party, a new strong political alliance called the *Miasnutiun* (Unity) bloc was established by former Communist-era leader Karen Demirchian's People's Party of Armenia (PPA) and Vazgen Sarkisian's Republican Party of Armenia (RPA). The two men co-chaired the bloc, which won a landslide victory in the May 1999 Parliamentary elections, capturing 41.7% of the proportional vote and 61 of 131 seats in the Parliament. These elections were evaluated by the OSCE as "conducted in a generally peaceful and orderly manner, which was free of intimidation". The Armenian Communist Party was the runner-up, gaining 9 seats. The ARF and the Right and Accord block each won 8 seats. Demirchian was subsequently elected the speaker of the Parliament and Sarkisian became the Prime Minister of the country. The political spectrum of Armenia stabilized, yet this stability did not last for long. In fact, it was destroyed in a matter of seconds, when six gunmen stormed the Parliament on 27 October 1999 and murdered the two leaders of Miasnutiun, as well as six other deputies. Armenia entered a period of political chaos and instability.

President Kocharian was one of the persons accused of masterminding the shootings in the Parliament. In order to circumvent these accusations, he appointed the brother of the late Vazgen Sarkisian, Aram, to be the next prime minister. Meanwhile, Karen Demirchian's younger son Stepan took over the People's Party. This nevertheless failed to ease tensions. In the spring of 2000, Miasnutiun leaders accused Kocharian of not creating "normal conditions" for the ongoing investigation into the "coup d'état." The confrontation between President Kocharian and Miasnutiun continued until May 2000, when Kocharian finally sacked Prime Minister Aram Sarkisian and offered the post to a milder representative of the Republican Party of Armenia, Andranik Markarian. In so doing, President Kocharian managed to split the *Miasnutiun* bloc and build a pro-presidential majority in the Parliament.

Since then, the growing tensions between the Republican Party and the People's Party – an odd couple to begin with – resulted in the complete collapse of the Miasnutiun block in September 2001. The former decided to stay loyal to the President Kocharian, thus becoming the de-facto ruling party, while the latter went into opposition. It must also be noted that both parties experienced splits within themselves. A group that broke from the Republican Party of Armenia joined the opposition and the group leaving the People's Party went into the pro-governmental camp. Similar splits took place in the National Democratic Union and the Armenian Communist Party.

Throughout 2001, President Kocharian continued to strengthen his power at a time when virtually no political party was spared from internal splits. In this sense, the political party system of Armenia was one of the casualties of the October 1999 murders. Currently, Stepan Demirchian's People's Party, Aram Sarkisian's Democratic Party (which split from the Republican Party) and Artashes Geghamian's National Accord Party form the major opposition forces in the Parliament. They teamed up in an unsuccessful attempt to impeach President Kocharian in September 2001. In November 2002, Aram Sarkisian was nominated by his party for the February 2003 Presidential elections. This seems to have killed the idea of nominating a joint candidate from the opposition forces. Sarkisian also announced that he would support former President Ter-Petrosian's candidacy, should he decide to run. Vazgen Manukian's National Democratic Union is another major opposition party, which won 6 seats in the 1999 Parliamentary elections. It has recently nominated Manukian to be its candidate for the upcoming Presidential Elections. Markarian's RPA, a PPA-split group, and the Armenian Revolutionary Federation - Dashnaktsuitiun support President Kocharian, although they have not yet expressed their intention to back him during the 2003 elections. An influential political movement, the Yerkrapah (Union of Karabakh War veterans) also backs President Kocharian.

In March 2001, the leaders of several Armenian left-wing parties formed a new alliance, called the National Accord Front (AHCh). However, no prominent members of either of the country's two most influential left-wing parties, the Communist Party of Armenia and the People's Party of Armenia, joined the alliance. The AHCh's putative leader, Ashot Manucharian, a former national security adviser to President Levon Ter-Petrossian who now heads the small Union of Socialist Forces, said that the AHCh will campaign for Kocharian's resignation and for "the restoration of the supremacy of allied, strategic relations with Russia." AHCh at present has only a handful of deputies in the Parliament. Meanwhile, the communist party of Armenia nominated its own candidate, 71-year old Vladimir Darpinian for the upcoming Presidential elections. Another opposition heavyweight, the National Unity Party, is expected to endorse the presidential bid of its leader, Artashes Geghamian. Opposition leaders admit that they will not necessarily agree on a joint presidential candidate, but claim they will definitely do so in the event of a run-off vote against Kocharian.

Opposition deputies are united in an unofficial faction, which has 28 deputies affiliated with opposition parties represented in the 131-member National Assembly. With a fragmented and weakened opposition, President Kocharian remains the clearly strongest candidate for the upcoming presidential election. Thus the issue of succession is not as threatening as in either Georgia or Azerbaijan.

Azerbaijan

Within eleven years of independence, Azerbaijan has developed a fairly broad and diverse political party system. Currently, the country of eight million people has close to 40 political parties, most of which have emerged from the basis of the umbrella pro-independence Popular Front Movement of 1988-1992. These parties range from the ultra-nationalist on the far right to the communists on the far left. However, the majority of parties fall into the

center-right niche. The parties operate on the basis of the law on Political parties, adopted in 1992. According to this law, a party must have at least 1,000 supporters in order to be registered by the Ministry of Justice. Recently, there have been calls among government officials to make amendments to this law, rising the number from 1,000 to 5,000.

The referendum of August 24, 2002, abolished the proportional system of elections to the Parliament, thus leaving all 125 seats in the legislative body for single-member constituencies. It is expected that this will significantly affect the multi-party system in the country, as political parties will not as such be able to compete for legislative seats. This, in turn, will damage the multi-party system in the country in the short-term, but could also lead to the consolidation of parties in the long run and to the eradication of the smaller parties in the country – as experience from other countries using the first-past-the-post system suggests.

Political parties in Azerbaijan strictly fall into either the pro-governmental or the opposition camp. Major pro-governmental parties include firstly the ruling Yeni Azerbaijan Party (YAP, New Azerbaijan Party), which has been in power since 1993. The party was established in 1992 by current President Heydar Aliyev, and claims to have close to 300,000 members. This number, however, is somewhat exaggerated and the authorities often use administrative means to recruit people into the party membership. The party has a strong presence in all regions of Azerbaijan. YAP clearly won the parliamentary elections in both 1995 and 2000 (with 62% of votes) and currently has 75 deputies in the parliament. YAP considers itself a center-left party, with a strong governmental power and social welfare state in its party platform. Other pro-governmental parties are insignificant, puppet-style parties. The Ana Veten (Motherland) Party, led by the former Social Welfare Minister Mr. Fazail Agamali, is perhaps the largest of those parties, and is represented in Parliament.

The opposition includes four major opposition parties, the Azerbaijan Democratic Party (ADP), the Musavat (Equality) party, the Popular Front Party (APFP) and the National Independence Party (ANIP) are weak and fragmented. They are all center-right parties, advocating for a market economy and democratization, yet the majority of population has difficulty distinguishing their party platforms. Each of them claims to have 50,000 members and branches in all the regions of Azerbaijan, but the most recent unified demonstration of these parties in October 2002 in Baku gathered only 10,000 supporters. These parties are based around a leader and are operating mainly in Baku, due to the fact that the authorities are severely and successfully limiting the activity of the opposition in the regions of Azerbaijan.

Musavat, the most popular opposition party, was initially formed in 1911 and was the party that formed the first Azerbaijan Democratic Republic in 1918. Today's Musavat was re-established in 1992 and claims to have the same ideology and program. Its leader, Isa Gambar, served as speaker of Parliament in 1992-1993 and is today one of the strongest opposition leaders in the country. Musavat differs from other opposition parties because it has managed to keep its internal unity despite efforts of the authorities to break it apart. Musavat also in some way controls the *Yeni Musavat* newspaper, the most influential opposition newspaper, which is even widely read by people in the government. Musavat officially received less than 2% of the vote in the 2000 Parliamentary elections, a figure which is hard to believe, given that the Communist and Civil Solidarity Parties, which are much smaller, passed the Parliament threshold of 6%. International observers claimed that Musavat got between 25 and 40% of the votes in some Baku areas.

The PFPA was based on the dissident movement of the 1970s, and was led by former President Abulfaz Elchibey. The movement came to power in 1992, and Elchibey was elected President. When the it lost power in 1993, Elchibey fled to Nakhchivan, and Mr. Ali Kerimov, the first deputy chairman of the party, became its de-facto chairman. He

transformed the movement into a political party, getting it registered in 1995 and critically assessed its time in power. The party's 'conservative' wing split off after Elchibey's death in August 2000. PFPA has six deputies in Parliament, officially receiving 11% of the votes in 2000 Parliamentary elections. A further wing split off in 2002, but are clearly manipulated by the authorities to weaken the PFPA.

The Azerbaijan Democratic Party is led by Mr. Rasul Guliyev, who in the early 1990s served as the manager of the Baku Oil Processing Plant, and is widely known for embezzling millions of dollars from there. In 1995 he was elected Speaker of Parliament, and then in 1996 resigned from his position and left the country for the U.S. Since then, he resides in New York, and finances the ADP. Day to day operations of the party are run by Sardar Jalaloglu, Secretary General of the Party. The ADP is heavily harassed by the government, most likely because it is a split-off not of the Popular Front but of the governing bloc itself. Its members are often arrested. ADP also organizes the largest amount of demonstrations and has an uncompromising stand against YAP.

The Azerbaijan National Independence Party was established in 1992 by Mr. Etibar Mamedov, one of the prominent leaders of the Popular Front movement. AANIP stayed in opposition to the Popular Front government of 1992-93, and contributed to their loss of power. Currently, ANIP is in opposition but is more inclined to dialogue with YAP than either ADP or Musavat. In a sense it is the loyal opposition. Realizing its weakness , ANIP has signed a cooperation agreement with Ali Kerimov's wing of PFPA and the Civil Solidarity Party – forming a less radical branch of the opposition. Musavat, ADP and the 'classics' from the PFPA form a more radical alliance.

Minor opposition parties include the Liberal-Democratic Party led by former Secretary of State Ms. Lala Shovket Hajiyeva, the Social-Democratic Party (led by brothers Araz and Zardusht Ali-Zade); the People's Party of Azerbaijan (led by the former Prime-Minister Panah Husseynov); the Civil Solidarity Party (led by Mr. Sabir Rustamkhanli and represented in the Parliamant); the Communist Party of Azerbaijan (also represented in Parliament); Adalet (Justice) Party (led by former Justice Minister Mr. Ilyas Ismaylov); These and others are all small and insignificant, with little internal capacity and regional outreach. Only the Islamic Party of Azerbaijan has been growing in the past few years and might challenge the ruling YAP in the future. Opposition Parties are united in a loose association called Democratic Congress. They hold regular meetings and often organize unified demonstrations. In 2000 Democratic Congress split into two rivaling associations, one around Musavat and the other one around PFPA and ANIP.

Georgia

There are over 100 political parties in Georgia. Political parties formally dominate the political process, but in reality they are largely instruments of leading political personalities, rather than organizations formed around a defined ideology or governing program. Political parties inspire little public trust, which sharply limits their ability to aggregate and articulate citizens' interests.

The *Citizens' Union of Georgia* (CUG) was founded in 1993. The first Chairman of the CUG was President Eduard Shevardnadze. The party, therefore, was known as Shevardnadze's party. Another prominent leader of the party was former Speaker of Parliament Zurab Zhvania who was then groomed for the President's succession. In the 1990s, the CUG had more than 30,000 members, united in local, city and regional organizations. All positive developments in both the international and domestic spheres were described as the CUG's achievements. The CUG initially claimed to be a center-right party, but entered the Socialist International with an observer's status, and maintained close contacts with the Labour Party

of the UK and the Social-Democratic Parties of Denmark and Germany. The unity of the party was challenged by the increasing antagonism between young reformers led by Zhvania and Saakashvili and the 'retrogrades' composed mainly of the former Communist party Nomenklatura. However, the first breach in the party was marked by secession of a group of businessmen opposed to Zhvaniaand Saakashvili from the CUG. A right-wing group of young businessmen lead by Levan Gachechiladze and David Gamkrelidze formed *the New Faction*, and on the basis of the latter *the New Rights Party* in June 2001. Many people perceive the group to be pro-Shevardnadze, and a likely part of a new, pro-presidential majority, if one will ever be formed.

A further split in the CUG took place after President Shevardnadze resigned from the post of Chairman of this political organization in the fall of 2001. The CUG under the leadership of former speaker Zhvania declared the party was in opposition at the convention of December 2001. This decision reflected discontent with President Shevardnadze, and fierce rivalry in the party between the "teams" of Governor of Kvemo Kartli Levan Mamaladze and Zurab Zhvania was exacerbated after this. Shevardnadze's resignation from the CUG leadership was followed by the withdrawal of his supporters from the parliamentary faction. Some experts consider this to be a positive development, since it might give the reformist wing of the party a chance to distance themselves from the remnants of the old communist elite and corrupt groups allied with the President. Zhvania's team has chosen as its primary priority to fight against corruption and for reform in the executive branch. This resulted in a split within the parliamentary majority and left Zhvania in command of fewer votes. Just before the 2002 elections, the court bereaved Zhvania's team the right to ballot with the name "Citizens' Union", a right that was given to the faction of Governor Mamaladze. Zhvania and his followers left the CUG and formed a new party called the *"United Democrats"*. Mamaladze began active negotiations with President Shevardnadze and State Minister Jorbenadze for the rebirth of the party that had not even overcome the necessary 4% barrier at the elections to the Tbilisi municipality or *Sakrebulo*. In June 2002, on the fifth emergency convention of the 'New' CUG, President Eduard Shevardnadze was elected to the post of Honorary Chairman of the party and State Minister Avtandil Jorbenadze to the post of Chairman. The core of the party was formed from the state bureaucracy.

Another dominant political force originates in the autonomous Republic of Ajaria. In 1991, Ajarian leader Aslan Abashidze founded a political party called "The All-Georgian Union of Revival", which participated successfully in the 1992 and 1995 parliamentary elections. In December 1997, the party was renamed the "Union of Democratic Revival" (UDR). Abashidze's political figure, as well as his political and economic power was quite attractive for other political parties. In July 1999, five Georgian parties including the UDR, the "People's party", the "Union of Georgian Traditionalists", the "XXI Century" Bloc and the "Socialist Party of Georgia", signed a Declaration in Batumi, forming a political alliance.

Revival's stronghold is Ajaria. Outside of the region, Revival's influence has decreased since the last parliamentary elections. This became obvious during the 2002 elections in the Tbilisi Sakrebulo, when Revival got only 6.34% of the votes. The top issues that the party has lobbied for are the legal clarification of the status of the Autonomous Republic of Ajaria, and the establishment of a free economic zone in Ajaria. For various reasons, *Revival* often enters into temporary alliances with many groups: Internally Displaced Persons from Abkhazia to fight against the Abkhazian "Government in exile" led by Tamaz Nadareishvili and to ensure Abashidze's legitimacy in Georgian-Russian negotiations on the status of Abkhazia; with "New Rights" to intrigue against parliamentary speaker Burjanadze and paralyzing Parliament's sessions; with the "National Movement" to bring to a successful conclusions the procedure of impeaching the Georgian President. After the governmental crisis of November 2001, Revival was viewed as a party around which pro-Shevardnadze forces could possibly

consolidate. The post of State Minister, with a perspective to be transformed into the post of Prime Minister, was offered to Aslan Abashidze during Shevardnadze – Abashidze meetings in Batumi, while the post of Speaker was promised to the leader of the Ajarian deputation, Jemal Gogitidze. But at the last moment, Shevardnadze pulled back from this plan.

The Batumi alliance is in no way monolithic. While the XXI Century, former supporters of ex-President Gamsakhurdia, keeps its loyalty to the political partners, the Traditionalists used the Revival Bloc as a vehicle for getting into parliament and once there, began asserting their independence. Contrary to other parties, their leader Asatiani supported Zhvania's pro-western policies. The Socialists's pro-Russian leader Vakhtang Rcheulishvili opposed Zhvania and the CUG, and sought a close alliance with the President and State Minister.

The Jorbenadze-Rcheulishvili tandem will probably be joined by the Industrialists - several successful businessmen and a couple of experienced politicians (like Vakhtang Khmaladze, one of the authors of the Georgian Constitution), who established the political party *Industry Will Save Georgia* in 1998. The formal ground for the cooperation of these forces would be a common approach to issues of global importance, like the web of relations between Tbilisi, Washington, and Moscow.

Among parties not represented in parliament, it is worth mentioning the coalition of "Republican" and "Liberal-Economical" parties united in the "National-Democratic Movement" with the "National-Democratic Party" in 1999-2001. The figurehead of the coalition was neither Shevardnadze nor Abashidze. But as soon as the leader of the NDP, Irina Sarishvili-Chanturia, started seeking contacts with the Ajarian leader, the coalition collapsed. The Republicans and Liberals, together with the "Union of National Powers" joined Saakashvili' National Movement. Aggressive anti-Shevardnadze slogans gained Saakashvili popularity. His slogans "Tbilisi without Shevardnadze" and "All except for Shevardnadze" struck a chord with many citizens, who associate Shevardnadze's name with poverty, corruption and criminality. In August 2002, the Movement was transformed into a Party, whose leader was one of the most radical opposition forces to the Government. In parallel, there has been a looming perspective of the formation of a solid right-wing coalition, since Summer 2002, when 9 political parties made a joint statement against Shevardnaze's pardon to the plotters of the 1995 assassination attempt against him. Efforts to continue close cooperation have not translated into a political alliance so far. Of much more importance was a walk-out by five parliamentary parties in October. The "New Rights", "United Democrats", "United National Movement" and "Union of Traditionalists" left a parliamentary session in protest to the annual appearance of the President of Georgia at Parliament. Since the President's speech did not reflect the real situation in the country, the parties refused to participate in the debates and walked out of the session. The parties started joint consultations under the aegis of the U.S. National Democratic Institute (NDI). This event was estimated as a serious step in the direction of the integration of the opposition. A consolidated and well-coordinated opposition could make a strong claim at the forthcoming elections in 2003, and show the Georgian population that names alternative to Shevardnadze exist.

Devolution of power and Decentralization

The South Caucasian states are all in the process of consolidating their independent statehood, and building central governments that actually govern the country. Moreover, in both Azerbaijan and Georgia, the borders of the country are disputed by groups both within and outside these two republics. Minority areas in both states have at repeated occasions been the scene of separatist movements that have challenged the statehood and territorial integrity of the two countries; moreover, these separatist tendencies have all been supported from abroad, primarily by Armenia and Russia. In this troubled and insecure context, the South Caucasian states have been unwilling to decentralize power. In fact, it is even doubtful

whether decentralization in general and specifically in the case of minority regions is even *desirable*. Given the weak political cultures of the Caucasian states, decentralization in the absence of a strong and effective central government is likely to lead to the establishment of several smaller de-facto fiefdoms in these countries, a further political fragmentation that is likely to imperil both democratic and economic development. Democratic political culture is even more lacking at the local level than at the central level, and corruption and abuse of power even more prevailing. Decentralization and the empowering of the local communities must hence be a gradual process and not an aim in itself.

Likewise, the devolution of power to ethnic minorities is not necessarily a stabilizing factor. Especially considering the precarious geopolitical situation in the Caucasus and the manipulation of foreign powers for influence there, the establishment of ethnic minority autonomous areas would potentially weaken the existing states and lead to renewed ethnic violence and war. It should be recalled that the South Caucasus before 1988 had nine compactly settled minority areas. Azerbaijanis in Armenia and Georgia, Armenians in Nagorno-Karabakh and Javakheti, South Ossetians, Abkhaz and Ajarians in Georgia, and Talysh and Lezgins in Azerbaijan. Of these, all ethnic conflicts broke out in the areas that were autonomous: South Ossetia, Abkhazia, and Nagorno-Karabakh. Ajaria was the only autonomous area that did not fight a separatist war, and no armed separatist conflict has emerged in any of the five non-autonomous areas. Aware of this fact and of the consequences of autonomy, the multi-ethnic states of the South Caucasus – that is Georgia and Azerbaijan – are extremely suspicious of the idea of devolution of power to ethnic minorities. On the other hand, they have integrated individuals from minority regions in high political posts in the central government.

Armenia

As a result of the Nagorno-Karabakh conflict, when nearly 200,000 ethnic Azeris were driven from Armenia, Armenia became a basically mono-ethnic country. There are few ethnic minorities remaining in the country, such as Yezidi Kurds in Aragatsotn region and a few communities of Russians and Ukrainians, but their number is insignificant. Therefore, there is no devolution of power on ethnic basis. Some minorities do publish newspapers and operate schools, but the working language of the government is always Armenian.

As regards decentralization, the development of the local self-governance in Armenia started much earlier in Armenia than in neighboring Azerbaijan. Although Armenia is a unitary state, the constitution of the country, adopted in 1995, directly addresses the issue of local self-governance and decentralization in its articles 104-110. Furthermore, the Parliament adopted two laws dealing directly with the issue of decentralization: the law on Elections to Local Governments (1996) and the law on Local Self-government (1996). The first elections to the municipalities were held in the same year.

Municipalities in Armenia have their own responsibilities, funded by the local budget and responsibilities delegated and funded by the central government. Local governments also implement some voluntary community projects. The financial issues of the municipalities are addressed by the Law on the Budget systems (1997) and the Law on Local Duties and Fees.

Despite the well-developed legislative basis for municipalities and fairly held elections to the local governing bodies, Armenia remains a strictly centralized state. It is divided into ten regions (*marzer*) and the capital city of Yerevan. The head of a *marzer* is appointed by the President and is directly subordinated to him. *Marzers* are further divided into rural and urban communities (*hamainkner*). The central government is responsible for the major part of the administrative power. Local governors are considered part of the government, and not a separate tier of public administration, as they are not elected by the public. They deal with

regional finances, construction and utilities, transportation, agriculture and land, education and health care. Yet, in all of these issues, they enjoy little freedom and autonomy from the central government.

As for the municipalities, the reality is that they are also perceived as part of the government, which they are really not. People think of municipalities as the ones created by the state to fulfil state responsibilities and duties. At the same time, contradictions in the legislation and inadequate financial support prevent local self-government bodies from enjoying full autonomy. Furthermore, the state retains sweeping powers in the sphere of local self-governance such as the ability to determine community property. According to the current legislation, the state government may remove a head of a community from office upon a request from the local governor, in case the community has not met its budgetary responsibilities or fulfilled powers delegated by the state.

Because the regional governor is such a powerful position, both during the Soviet time and in post-Soviet Armenia, citizens and municipality officials perceive the government system as centralized and authoritarian rather than a decentralized democracy. The local governors often use administrative tools to control and pressure local self-government bodies. In some cases, they choose to cooperate. Despite their limited financial capacity, local governments do nevertheless try to exercise their voluntary powers.

Azerbaijan

Azerbaijan, compared especially to Georgia and to some extent to Armenia, has been relatively slow in decentralizing the national government. Throughout the Presidency of Heydar Aliyev, it has remained a strong centralized state with a large governing apparatus in the capital city of Baku, maintaining a tight control over the regions of Azerbaijan. The Constitution of 1995 defined Azerbaijan as a Presidential Republic. This provision provided greater power to the President and little autonomy to the local administrative bodies. In many ways, this was perceived as a necessity in order to establish stability in the country, as the democratic and liberal regime of former President Elchibey led to the chaos.

With the exception of the former Nagorno-Karabakh Autonomous Oblast and seven surrounding districts (Kalbajar, Gubadli, Fizuli, Zengilan, Lachin, Agdam and Jabrail), which remain under the military occupation of Armenia for between 9 and 14 years, Azerbaijan has developed a fairly stable administrative division. The country is divided into 65 districts, where the president appoints the head of executive committee. Although Azerbaijan is a unitary state, as defined by the Constitution, the Nakhchivan exclave has preserved the status of an autonomous republic, which it enjoyed in the Soviet era. It has its own constitution, Parliament, elected officials and local administrative laws.

The constitution of the Azerbaijan contains provisions for the election and activity of local government bodies, the municipalities. The President signed the law on Municipalities on July 2, 1999. According to this law, Municipalities implement local self-governance in the country. The number of municipality members vary from 5 to 19, depending on the size of the local government area, and any citizen of the country who has a permanent residence in the relevant election territory can nominate him or herself, or be nominated as a candidate for membership of a municipality by political parties. The first Municipal elections took place on 12 December 1999, two years after their initially planned date. 35,600 persons were registered as candidates to municipal membership. 54,4% nominated themselves independently, and political parties nominated over 40%. The voting elected members for 2.667 municipalities within single-member constituencies. The election results in some municipalities were invalidated because of fraud in the voting and counting processes that could influence the election results.

The powers of municipalities consist of imposing local taxes and payments; approving a local budget and accounts for their use; owning and using municipal property; approving and implementing local programs of social security and social development, etc. Although two years have passed since the first municipal elections and formation of first municipalities, these local government bodies still struggle for independence from the executive power (the Governor's office) and from the central government. The main point of contention is the vagueness in the language of the law in terms of financing the municipalities and their major functions. Some municipalities fight with the executive power over advertisements and billboards in their territories, which are sources of revenue. Others fight over what does or does not lie in their jurisdiction. The general public and local press still has a negative impression about the municipalities, mainly due to their complete dependence on the executive power. The majority of members at municipalities are in fact members of the ruling party, YAP.

Despite its unitary administrative structure, Azerbaijan remains a multi-ethnic country. There are nearly 75 ethnic minorities in the republic, the size of which range from several hundred thousands, as in the case of Talysh in the south and Lezgins in the North, to several hundred, as in the village of Khinaliq, in the Greater Caucasus Mountains. Although Azerbaijan has a long history of tolerance toward ethnic minorities and several centuries of peaceful coexistence with these groups, transforming these traditions into government policy, ensuring the safety and guaranteeing the human rights of these ethnic groups is a challenge in the post-Soviet Azerbaijan. The separatist movements among Lezgins and Talysh as well as among Mountainous Karabakh Armenians have created a fear of minorities among the political elite in the country and the government has become extremely sensitive to the politicization of the minority question.

Lezgins. The Lezgin people live near the border with Russia's Dagestan Republic. In the towns of Qusar and Khachmaz, Lezgins make up ca. 75% of the population. The Lezgins belong to the North Caucasian group of peoples and a large portion of them also resides across the border in Dagestan. Lezgins are generally Sunni Muslims. Strong marriage and community relations connect the Lezgins in Azerbaijan and in Dagestan, and the two groups are engaged in daily trade and commerce over the border. The history of separatism among Lezgins is very long, and culminated in the first half of the 1990s. Many Lezgins were irritated somewhat fearful of former President Elchibey's nationalist rhetoric. When Elchibey came to power in 1992, he declared Turkish the national language and adopted the Latin alphabet in the place of old Cyrillic one. This created friction with the non-Turkic Lezgins, who felt increasingly dominated by the titular nation and feared further hostility from the central government. An additional problem was the lack of textbooks and educational curriculum in the Lezgin language. Fueled by difficult socio-economic conditions and by elements in the Russian government interested in weakening Azerbaijan, some Lezgin representatives called for secession. An organization, *Sadval* (unity) became associated with secessionist demands for the creation of a Lezgistan republic composed of southern Dagestan and Northern Azerbaijan. In 1995, Sadval was accused of masterminding an explosion in Baku metro that killed 12 people. Sadval also allegedly cooperated with Armenian intelligence services. At the time of political chaos and civil war in Azerbaijan in 1993, the Lezgin secessionist movement has reached its peak. With the declaration of the independent Talysh Mugan republic in the south of Azerbaijan, some Lezgins politicians also called for the creation of Lezgistan. However, the election of President Aliyev and the subsequent stabilization of the political situation in Azerbaijan diminished secessionist claims among Lezgins. For the time being, the Lezgin secessionist movement has calmed down and Sadval has all but disappeared minimum. However, the Azerbaijani press regularly reports on the regrouping of Sadval in Russia.

Talysh. As the Lezgins, the Talysh are one of the largest minorities in Azerbaijan. Officially, their numbers reach 100,000, however, the actual number could be significantly higher due to incorrect reporting of ethnicity during the Soviet times: many Talysh were registered as ethnic Azeris. Talysh people live in the south of the country near the border with Iran, speak a western Iranian language and belong to the Shia branch of Islam. The secessionist movement among Talysh is relatively recent, as Talysh people have generally been passive in national politics. The only major political event related to the Talysh took place during the turmoil of the summer of 1993, when retired colonel Aliakram Humbatov, an ethnic Talysh, declared an independent Talysh –Mugan republic and attempted to fortify its borders. The idea of independence did not gain popularity even among the majority of Talysh people and seemed to closely relate to political games in Baku at the time of Coup d'Etat. Specifically, Humbatov allied himself with then Prime Minister Suret Husseynov to weaken President Aliyev's position. The latter sent government troops to Lenkoran, where Humbatov's forces were concentrated. The rebellion was rapidly crushed and Humbatov fled to Iran. Later, Humbatov was extradited to Azerbaijan and up to this day remains in prison, convicted of high treason. Talysh ethnic mobilization has been on decline since then, as many leaders of the so-called "Talysh Mugan Republic" were arrested.

The central government does not treat these two larger minority groups different from other minorities, and the areas where they reside have the same administrative governance as other regions of the country. Currently, there are no calls for autonomy among the minorities and the government, citing the unitary structure of the country, does not even want to talk about this. The only minority in Azerbaijan that the central government has been negotiating with in terms of granting autonomy is the ethnic Armenians in Nagorno-Karabakh region (South-Western Azerbaijan). Since 1988 this minority group, supported by the Armenia proper, has been engaged in a war with the central government demanding independence. The current cease-fire was established in 1994 and since then, peace talks have been underway to find a political solution to this problem and to grant some form of self governance, be it autonomy or something else, to this area.

The government views the policy of improving the situation of minorities only through the prism of central power. It has established the office of a Presidential Counselor on minority policy to monitor the situation with respect to ethnic minorities. This office provides limited resources for publication of books and magazines as well as the production of TV programs in minority languages. However, limited budgetary funding does not permit the expansion of these activities. Since the admission of Azerbaijan into the Council of Europe in January 2001, the situation of ethnic minorities has been a focus of international community, with international organizations pouring millions of dollars in minority-related projects.

There are no political parties, created on ethnic base. There are, however, several prominent members of all the three government branches who belong to ethnic minorities. For instance, Minister of Defense Safar Abiyev and the chairwoman of the Parliament's Natural Resources Commission Ms. Asya Manafova are of Lezgin ethnicity, and the chairman of the Parliament's Social Policy Commission Mr. Hadi Rajabli is a Talysh. There are also Russian and Ukrainian deputies as well as an ethnic Georgian Supreme Court judge.

Georgia

Georgia consists of the Autonomous Republics of Ajaria and Abkhazia, 9 regions and the "Tskhinvali Region" (the former South Ossetian Autonomous Province), the status of which has not been determined yet. The capital city, Tbilisi has a special status, with the level of a region. The large regions (*mkhare*) are divided into districts (*raion*), district towns, small towns, and villages. On the whole, there are 65 *raions*, 61 district towns, 52 small towns, and 4488 villages. Villages are united into administrative units - Village Councils (*temi*). There are 942

Village Councils in Georgia. A Village Council is formed according to the population - from 1000 to 2000, residents form 1 *temi*, so in densely populated regions 3-4 villages go into 1 Village Council, but in mountainous regions 10-12 villages would form one. The capital city is divided into 5 districts.

The structure of Georgian Local and Regional Administration is four leveled. At the first level are the village councils and district towns, at the second level are districts (*raions*), at the third level are the regions (*mkhare*) and at the top level are the autonomous republics.

The country's territorial organization has not been determined yet. According to the 1995 Constitution, "the internal territorial arrangement of Georgia is determined by the Constitution on the basis of the principle of division of power after the full restoration of the jurisdiction of Georgia over the whole territory of the country…" However, President Shevardnadze has already declared that Georgia should become a federative state based on the principle of asymmetric federalism in the future.

The breakaway republics of Abkhazia and South Ossetia are run by elected presidents and parliaments, possess state symbols, and have Constitutions. However, they are recognized neither by Georgia, nor by the international community. The Sukhumi separatist regime held local self-government elections in March 2001. A document on the delimitation of power between Tbilisi and Sukhumi (Abkhazia) has been developed, and supported by the UN, the Group of Friends of the Secretary-General on Georgia, and the Georgian Government. But the document is strongly opposed by the Abkhaz separatists, who are backed by Russia. Though the document on delimitation of power is secret, it is well known that the document requires the transformation of Georgia into a federal state. Since the separatist wars, ideas of federalism and regionalism are frequently discussed in Georgia.

The country is composed of historically formed federal entities/regions, and an ideal state model was envisaged, with a two-chamber parliament, representing all regions and nationalities, as an effective means to find a consensus with the Abkhaz and Ossetian leaders, and to neutralize new nationalist or separatist movements. In particular, the Constitution declares that, "When conditions are appropriate … Parliament shall be formed with two chambers: the Council of the Republic and the Senate. … The Senate consists of members elected from Abkhazia, Adjaria, and other territorial units of Georgia. President Eduard Shevardnadze has recently specified that about 80-100 deputies would be elected to the Lower Chamber of Parliament, and senators of autonomies and regions would be represented in the Upper Chamber. According to the President, the post of Chairman of the Senate will be held by the highest leader of Abkhazia, which would then factually become the second ranking person in the state.

De facto, the only autonomous unit within Georgia's jurisdiction is the Autonomous Republic of Ajaria, which has a strong autonomy from the central government, and which according to certain international experts could be a model for the Abkhazian and Ossetian separatists. In March 2000, the Georgian government took a decision to codify the autonomous status of Ajaria, and accept the adoption of the Ajarian Constitution. According to the Constitution, the highest representative body of state power is the Supreme Council (later changed to 'parliament of two houses – Parliament and Senate'), which forms the highest executive body, the Council of Ministers. Issues of local importance are delegated to *sakrebulos* and city halls. Since June 2002, the post of Mayor of Batumi has become an elected position. The Constitution also declares the independence of the judicial power from the legislative and executive powers. The republic has a state emblem and flag of its own. In actual fact, all authority in the republic is controlled by Aslan Abashidze, the Chairman of the Supreme Council and the Head of the Autonomous Republic. The head of the Republic is elected by

a general, secret, direct vote for a period of 5 years. However, all elections so far resulted in a very Soviet-style 98% of votes for Abashidze.

Access to the Black Sea, a border with Turkey, good relations with Russia, tourism, and agricultural exports have contributed to Ajaria's relative economic prosperity and stability. Statistics suggest that social and economic conditions in Ajaria, while worse than during the Soviet period, are better than other parts of Georgia. Abashidze's supporters claim that he has been instrumental in raising the Ajarian standard of living and maintaining the economic base of the region. Aslan Abashidze is a zealous advocate of regionalism and a free economic zone, and often demonstrates Ajaria's independence from the center. Decisions of the Supreme Court of Georgia, if they do not fit the political interests of the leader, are simply ignored. Abashidze has set up his own border posts between Ajaria and Georgia. He has formed an Ajarian 'army', having ordered local conscripts to serve in Ajaria. Military personnel stationed in Ajaria and serving mainly in the Russian army are exclusively from Ajaria, while the Georgian military units in other regions of Georgia are comprised of recruits from across the country. Abashidze runs the regional police and security services effectively.

The complete lack of clarity in the distribution of responsibilities between the central and local budgets makes tension between Batumi and Tbilisi even more complicated. Abashidze's clan's controls the port of Batumi and the overland trade between Turkey and Georgia, and extracts sizable funds. The republic was authorized to keep income from customs and tax spheres in Ajaria for the needs of the autonomy. However, there are rare, if any, revenue transfers to the central budget. Unlike other regions, tax revenue is held within Ajaria, with only occasional sharing with Tbilisi for political purposes. According to Minister of Finance Mirian Gogiashvili, Ajaria has debt to the central budget at the rate of about 70 million Laris (About US$35 million). The refusal by the autonomous republic to transfer facilities to the central budget in September 2002 was qualified as ignoring the requirements of the country and political sabotage. "Nobody would give Ajaria right to separate from Georgia", declared President Shevardnadze. In turn, the Ajarian leadership accuses the President and the Government for economically blockading Ajaria, and Abashidze's party "Revival" therefore began a procedure of impeachment of the President.

Thus the Constitution of Georgia is violated almost on a daily base in Ajaria. Georgian elites argue that the untouchable status of the region and the prerogatives allowed to Abashidze should be revoked. But the presence of the Russian military base in Batumi and close links with Moscow safeguard Abashidze's autocratic regime from any encroachments from Tbilisi.

The other regions of Georgia have been divided into ten *Mkhare* or regions. *Mkhare* unite several administrative entities *(raion*), so as to avoid formation of any large ethnic-based political-administrative structure. Georgia's division into *Mkhare* is viewed as a step towards regionalism and federalism. *Mkhare* are ruled by State Attorneys of the President, or *Rtsmunebuli*. These executive leaders are also called Governors. Rtsmunebuli are appointed by the President. They exercise absolute power in the regions and act like feudal lords rather than states bureaucrats. Opposition parties' attempt to make the institution of Governor an elected one or to abolish it have failed.

The 1995 Constitution guarantees citizens local self-governance. In October 1997, a Law on Local Self-Governance and Governance was passed through the Parliament. According to this law, the representative body – *Sakrebulo* (the Council) must be elected in villages, communities, small and principal towns for 4 years. A *Sakrebulo* elects its Chairman. In districts with less than 5000 voters, the *Sakrebulo*'s chairman is also *Gamgebeli*, chief executive officer. In districts with more than 5000 voters, the *Gamgebeli* is elected by a general, secret, direct vote. The *Gamgebeli*, in consultation with the *Sakrebulo*, forms the executive body *Gamgeoba*. In the cities of Kutaisi, Rustavi and Poti, executive authorities are represented by

Mayors and the Government of the city. The mayor's position is elected, except for Poti, where the Mayor is appointed by the President. On the *Raion* level, *Sakrebulo* is formed by chairmen of *Sakrebulos* of all administrative units located on the territory of the given *Raion.* The *Sakrebulo* of the district elects its Speaker. From the *Sakrebulo's* members, the President appoints the *Gamgebeli* of the district.

Tbilisi is run by a Mayor, five *Gamgebelis*, and the city government. The Mayor of Tbilisi is appointed by the President. The Tbilisi *Sakrebulo* is elected by a proportional system, while in other cities and towns, by the majoritarian system.

The functions of the Sakrebulo are: approving of a local budget, acceptance of taxes and duties, approval of social-economic plans, approval of village or town development plans, solving the problems concerning land management and use, as well as education and health care. The Sakrebulo creates commissions, which deal with the different fields of a societal life and at the same time control a local executive authority. The latter implements decisions of the Sakrebulo, and is accountable to it.

Elections were held twice, in 1998 and 2002. The Georgian legislation has been widely criticized for granting very limited power to local self-governing bodies. Both local and international experts point out that local authorities do not have the competencies, the power, or the budget to perform their proper jobs as local elected bodies, and that the central government continues to exert indiscriminate control over self-government bodies through selected appointees. Just shortly before the last elections, there was a dispute in the parliament over changes to be made to the law on local government and the election code. Various factions pushed for direct elections of district Gamgebelis (Executives) and city Mayors, local executive officials, as opposed to having them appointed by the President. However, when the initiative came to the floor on 10 April 2002, it failed by only ten votes. The President had privately but clearly expressed his belief that Gamgebelis should not be elected and his wishes seemed to prevail. Thus, from the outset, the importance of the local elections was significantly lowered, at least in terms of governance reform. Hence the fundamental principle of the European Chart of self-governance that the Government had signed, failed, and as a result, only 15.8% of voters participated in the 2002 local elections.

The elections were however important for political parties. 40 parties participated in the June 2 Elections, only 7 of which surmounted the 4% threshold. The Georgian local elections were regarded as a rehearsal for the 2003 parliamentary elections. Opposition parties and political forces left outside the parliament during the 1999 Parliament Elections won the majority of votes, implying that they have great chances to win parliamentary elections and control not only the city council, but also the legislative branch. Expectations for changes in the political landscape of the country have arisen. In, turn the Executive authority, which maintains its personal/party economic and political interests nationwide through the Rtsmunebuli and Gamgebeli, requested all new appointees and elected bodies to remain loyal to the GoG and avoid contacts with opposition parties. Otherwise, State Minister Jorbenadze promised to dismiss them.

The introduction of the local government law has prompted greater political activity among minorities, and particularly Javakheti Armenians. Political parties like *Virk* criticized the law and electoral code because of its undemocratic character, and planned to boycott the 2002 elections. Demands for local autonomy reappeared, following the decision of the Georgian government to codify the autonomous status of Ajaria in March 2000. New demands for regional autonomy for Javakheti are supported both by radical nationalist groups in Javakheti ("Javakhk", "Virk") and from groups outside Georgian territory, especially in the Armenian Diaspora. *Virk* has recently proposed the possibility of discussion with the "United

Democrats", founded by former speaker Zurab Zhvania, and the CUG headed by State Minister Avtandil Jorbenadze on principles of a federal structure of Georgia. From the standpoint of the Armenian nationalist movement, ethnic harmony in Georgia is achievable only if the country becomes a Federation. Javakheti should then according to them become a subject of such a federation, and a local referendum could be carried out to determine which regions of the Mkhare of Samtskhe-Javakheti could enter the new autonomous structure of Javakheti as subject of federation. The Georgian government is so far very negatively inclined to granting autonomy to Javakheti.

Conclusions

The three South Caucasian states can be described neither as democracies nor as full-fledged authoritarian states. Democratic development has been a slow and painful process, often achievable due to the pressure from western institutions. Although all three countries made significant progress toward pluralism in the past decade, much more economic, social and political investment and lobbying will be needed to transform these states into states with political systems complying with the traditional notion of democracies.

The South Caucasian states share several strengths, including the development of vibrant though fragmented political party systems; the development of a free press and an increasingly free broadcast media; and their institutional linkages with European institutions such as the Council of Europe, which is proving very useful in the process of constitutional and legal reform and in the general democratization process. The political importance given to relations with the West by these states is likely to keep these states moving in the direction of democratization, though the process is unlikely to be linear – instead being fraught with many obstacles and setbacks.

These setbacks are likely to stem mainly from the already identifiable weaknesses and regional problems of the South Caucasus. A primary concern is the unsolved ethnopolitical conflicts in the region, which have played a large role in the 1990s in legitimizing the return of authoritarian governments, given the failure if democratic and liberal forces to govern Georgia and Azerbaijan in times of war and economic downturn. The failure of negotiations in the conflicts of Abkhazia, South Ossetia and Nagorno-Karabakh are increasing popular frustrations and preventing economic cooperation and development. With every passing year of deadlock, the risk of renewed war with unknown consequences increases, imperiling the democratic development achieved thus far. Secondly, the succession issue is crucial in both Azerbaijan and Georgia. President Shevardnadze's term in office ends in 2005, and the developments in Georgia's political scene after that date are unpredictable given the current political fragmentation. However, given the widespread popular fury with Shevardnadze's government, the next Georgian government could benefit from a positive popular feeling of a new start. In Azerbaijan, ageing President Aliyev is standing for re-election in 2003, while his son Ilham is gaining increasing political influence and exposure both domestically and internationally. Whether or not President Aliyev intends to pass power on to his son, his possible retirement from the political scene would likely lead to increased political instability. The ruling New Azerbaijan Party is susceptible to internal divisions, and the opposition fragmented, making it likely that the next government will have a weaker base than the current one. As in Georgia, future governments will be under pressure to resolve the deadlocked separatist conflicts, including possibly through violent means.

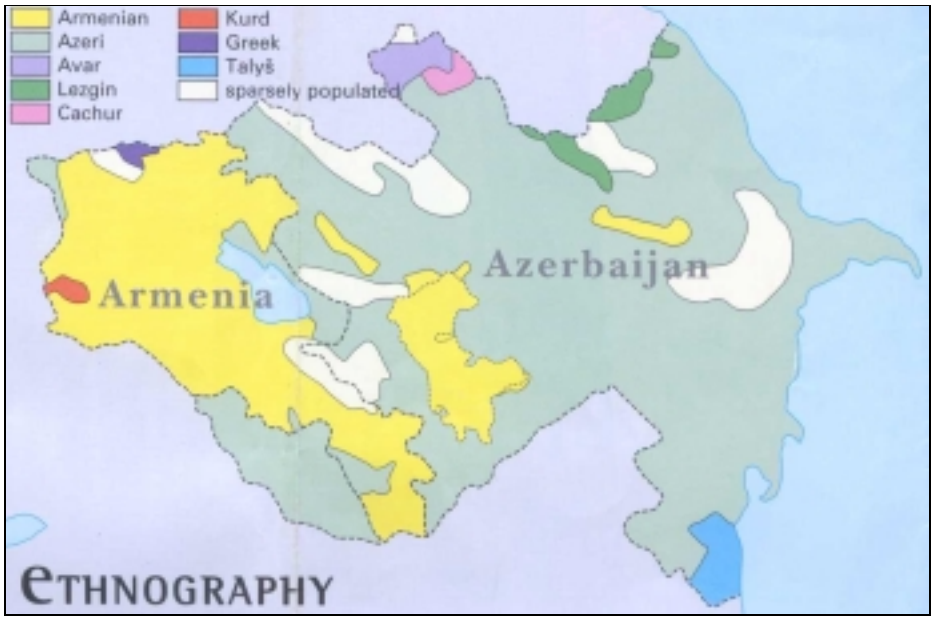
Finally, the international environment in the South Caucasus is unstable, with several external powers vying for influence and transnational criminal and terrorist networks present in the region. Assassinations and political violence is a constant threat to political leaders. As Armenia learnt, a seeming political stability can be shattered in a matter of minutes by a small group of armed gunmen. This fear adds to insecurity in the region, as does the unsolved nature of the Caspian sea dispute, which at least at one occasion has risked being militarized. The environment for stable and participatory democracies to develop is hence not ideal.

In sum, the South Caucasus has, given its difficult conditions, achieved significant progresses in democratic development. These progresses are by no means sufficient, though – again considering the circumstances – the glass could be said to be half-full rather than half-empty. Western support and influence over the three states has played, and is likely to continue to play, a crucial role in guiding these states toward democratic development.

Maps

Map 1: Political Boundaries in the Caucasus

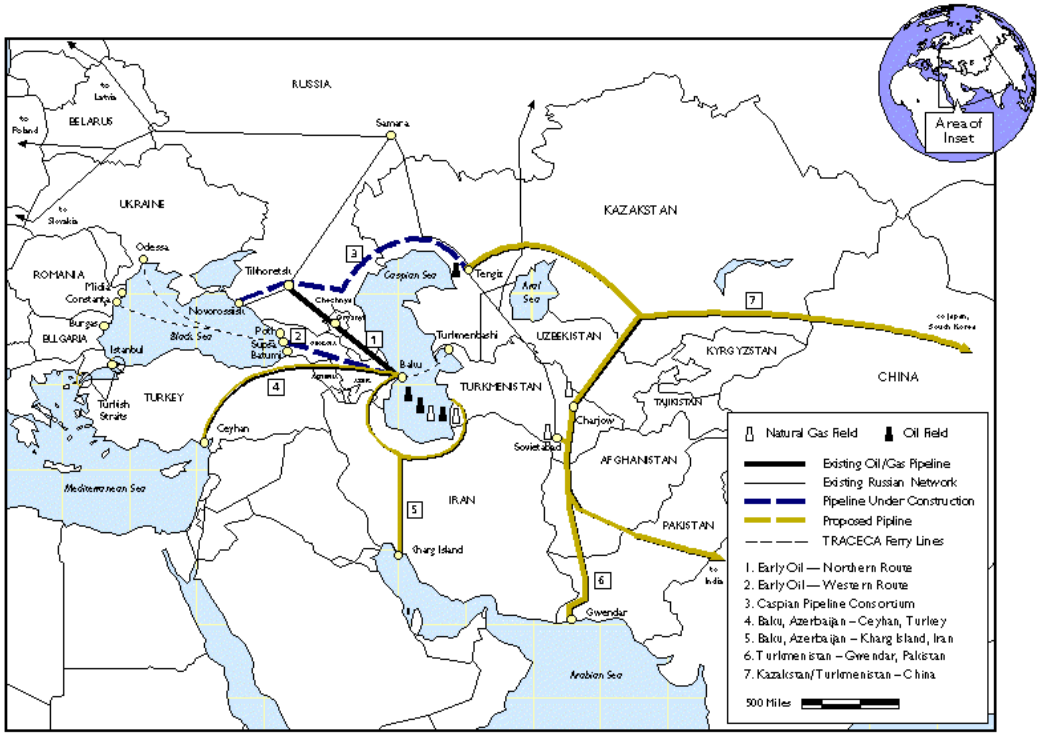
Map 2: Ethnic Settlement Patterns in Armenia and Azerbaijan, 1989



Map 3: Ethnic / Political Map of Georgia

Map 4: Ethnic Settlement Patterns, Georgia, 1994

Map 5: Oil and Gas Transportation Pipelines, Existing and Proposed



Oil and Natural Gas Export Infrastructure in Central Asia and the Caucasus

Sources: U.S. Department of State.

Biographies of Contributors

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