

## From the Desk of the Editor

In this issue of TPQ, we examine the dynamics of change in the Caucasus and the interaction of the region with Turkey, Europe and other actors. Identifying clear trends for the region can be a challenge because the Caucasus embodies many contradictions. Having changed hands many times between different civilizations has played a role in bringing about a richness of contrasts.

Georgia, Armenia and Azerbaijan all suffer from the challenges of changing their command economies, a vestige of their Soviet background, to a functioning market system. Unemployment has soared as state owned enterprises shut down and industry crumbled. Poverty levels increased as social welfare programs and services were phased out; emigration from the region has exploded. All these factors have hit the region's women particularly hard. The privileged classes, on the other hand, have gained more political and economic power than ever before. Democratic participation has not quite replaced Soviet-style governance and in a system where everything is about power and money, disillusionment is widespread on the streets; especially, following the high hopes that had been vested in independence and the reemergence of nationhood. Talking about building strong institutions and implementing development plans in countries where economic and political power are intertwined may seem meaningless at first. However the realization that their power will only be sustainable if workable solutions are found for the growing problems of ordinary people might just be setting in, albeit slowly. Debate in these countries largely does not focus on overcoming these conditions and revamping their systems, rather it targets individuals, judges patriotism and reeks of partisan sentiment. Where legal frameworks are progressive, often implementation lags, and statistics often do not reflect reality. Goran Buildoski's article sums up the shortcomings in these local environments and evaluates the incentives and conduciveness – or lack thereof - to effective think tank work.

All too frequently national fears and resentment are summoned to keep nationalist passions burning and to detract from the difficulties of daily life. Azeris are inflamed over conflict in Nagorno-Karabakh, their occupied territories and internally displaced people. Armenians are constantly reminded of atrocities committed in Anatolia almost a century ago. Georgians are united by their negative sentiment towards Russia.

Despite these commonly-shared challenges, Georgia, Armenia and Azerbaijan embody very different realities:

In Azerbaijan, Arzu Geybullayeva points out, different forms of Islam are gaining traction in this vacuum. The Nurcu sect of Turkey's Islam has a strong presence there and though it may appear benign enough, especially compared to other sects such as the Wahhabi's, it is indeed a shame that liberal intellectuals in Turkey have not been nearly as involved, as their counterparts motivated by religion, in influencing the region and securing legitimacy by contributing to the deliverance of better quality of life. Religion increasingly seems to serve as both a binding and a dividing element within society in Azerbaijan.

Azerbaijan counts with significant natural resources - revenue is pouring in from energy reserves. Nevertheless, poverty is also rampant, and there is a need to diversify economic activity and implement development programs that address the fact that the current boom is

not translating into improved standards of living in much of the country. Energy reserves will not last forever. This is critical for young Azeris since decisions made today about how to use this new found wealth will not be able to be revisited. Ebru Ilhan explores the energy resource curse and how it can be transformed into a blessing. Khazar Ibrahim, on the other hand, points out how Azerbaijan's energy reserves are critical for Europe's future energy security and offers suggestions as to how the EU can play a role in taking advantage of this new market.

The Nagorno-Karabakh peace process seems frozen at the brink of resolution. Though almost all points up for debate have been agreed upon, remaining 'details' seem insurmountable. Perhaps neither side is willing to take that final step and assumes that time will work in its favor – Azerbaijan because it is developing with its oil revenue, and Armenia, with the belief that time will consolidate Karabakh's independence. Obviously, it is a gamble for both sides. Moreover, rhetoric in both countries is often geared toward short-term political gains-- stirring up resentment and boosting political agendas. By the time leaders are ready for a solution, their societies might not be.

The stalemate over Nagorno Karabakh, taken up by Tigran Mkrtchyan's article and noted by Foreign Minister Mammadyarov, is the single most prominent obstacle to the region's progress. Both Azerbaijan and Armenia have at times accepted terms that were very conducive to striking common ground and bringing this conflict to a resolution. However, they never coincided in time, and now these missed opportunities appear buried in the past.

Elections in Armenia are scheduled for the 8<sup>th</sup> of February 2008. Traveling in the region, however, one can sense a lack of faith in politicians. The assumption that no politician will make a difference is widespread. The economy is propped up by remittances on the one hand and diaspora investments and contributions on the other. A narrow slice of society has accumulated wealth through cartels and monopolies, benefiting from being intertwined with political power. Though officially the economy is leaping forward, the quality of life has hardly changed for most Armenians, and disparities are growing. Diaspora Armenians who feel responsible for the country's wellbeing are not focusing on what people really need. They expend their energy and extensive resource-base attacking Turkey rather than insisting on the rule of law, institutions and development policies to be strengthened in Armenia itself.

Turkey closed the border with Armenia in 1993 during the Nagorno-Karabakh war, primarily as a response to Armenia moving forward to occupy regions where only Azeris resided, such as Kelbajar. Turkey attempted to create a situation which would make occupation of these provinces unsustainable for Armenia, rendering it more likely to compromise. However, the policy has not yielded its intended results and there is little reason to believe it will in the near future. Quite the contrary, Turkey's closing of the border has been used to fuel a sense of insecurity and hatred among Armenians towards Turkey, led them to be and feel more reliant on Russia economically and strategically, and left Turkey with no leverage to influence Armenians. Azeris, however, feel strongly that the closed border is an essential element of the equilibrium today and that an opening of the border would legitimize the occupation and provide economic opportunities for Armenia, tipping the balance in their favor. The consequences of the closed border should be debated openly in Turkey and Azerbaijan alike. In any case, consideration of open borders should not be labeled as disloyal, defeatist, or unpatriotic.

Turkey and Armenia lack clarity in their stances towards each other. Their red lines and positions towards important bilateral issues seem to shift regularly. There have been times

when high level Turkish officials have suggested that an official recognition of Turkey's borders is the only prerequisite for opening borders. Other times, a cease of genocide recognition attempts in third countries and the withdrawal from Azerbaijan's territories have been added as preconditions. Why? Does Turkish policy change from government to government? Do different institutions within the Turkish state have different positions? Is policy populist and reactionary? Or is it that the lack of clarity allows decision makers to use different lines when talking to different actors at different times? On the Armenian side, a statement recognizing Turkey's borders is followed with unwillingness to certify it. If a president of Armenia were to disassociate history from foreign policy and lean towards reason, might the Armenian diaspora declare themselves the legitimate party on this issue and impose otherwise? It is not clear who speaks with authority on behalf of Armenians and what this might entail. Convenient ambiguity about history and borders allows politicians space to maneuver which provides material that can be stretched in any direction by nationalists and liberals alike. "Various Voices on Turkey-Armenia Relations," a compilation of interviews, offers a range of views on these and other dimensions of the troubled relationship.

The AKP government in Turkey came to power in 2002 with the intention of normalizing relations with Armenia. However they may not have been aware of the challenges and counterarguments to achieving this goal. Having used up a good deal of political capital on issues like Cyprus and facing heightened nationalism in Turkey, it is understandably difficult for the government to expend more on Armenia without reciprocity from the Armenian side.

Turks often feel singled out by the global community, noting that no one asks for accountability for the purge of Turks from the Balkans during the Balkan Wars or the 1930's purge of Armenia's intelligentsia by Stalin. At the same time recognition of the massacres of 1915 as genocide is pursued relentlessly by the well-endowed Armenian diaspora, in order to perpetuate the image of the Turk as a barbarian.

Modern Turkish citizens do not feel as though they deserve a reputation that preceded them and that contradicts what they have learned about Turkish tolerance. Turks feel traumatized in their own way, pointing to memories of rebelling communities and Europeans plotting the disintegration of a crumbling Ottoman Empire. This trauma is an integral part of the Turkish psyche today. Indeed, the sense of victimhood and conviction of being encircled by hostile alliances are common in both Armenia and Turkey. This brings about similar modalities of thought and a logic of retaliation. Turks need to understand Armenians still fear Turkey, that this fear is a part of their upbringing and identity, and that it is exacerbated by being a much smaller country neighboring Turkey today.

It is undeniable that Armenians in Eastern Turkey were an important component of the richness of Anatolia and that the tragic incidents which left none there today cannot be justified and needs to be explored with an open mind. Ultimately, freedom to debate the Armenian tragedy of the early twentieth century needs to be more widespread in Turkey. The stance which maintains that Turkey is not liable for the decisions made at an unclear level of the crumbling chain of command of 1915's Ottoman Empire, does not reduce the importance of a critical examination of the history of these lands. Turkey should do this for its own sake, because in the long run, a reactive or defensive policy on these issues will wear society down even more.

Armenian's pursuit of genocide resolutions from different legislative bodies across the world is contrary to Armenian interests. Only Turkish nationalists and a well-financed handful of

individuals within the Armenian diaspora benefit from the resulting negative climate in the relations between Turkey and Armenia. The passage of yet another resolution does not help Armenians who seek Turkey to acknowledge their grievances in order to attain closure and to move on. Moreover, it hardens the Turkish nationalist position, weakens liberals calling for a critical approach to state rhetoric about history, and hampers Turkey's Europeanization.

The suggestion by Turkish Prime Minister Recep Tayyip Erdoğan that a commission of historians be set up to study the issue is noteworthy. And the decision to upload Ottoman archives to the internet is commendable. Such initiatives suggest that the insecurity in the past is being replaced by a newfound openness. How the commission would be composed and what implications its findings would have is unclear. Unclear too, are the parameters of the Armenian counterproposal to form an intergovernmental commission which would take up a wider range of bilateral issues, including the border issue which is a priority for Armenia.

The title of this issue was inspired by a conference I attended in Georgia in early November 2007, entitled "Building Europe's East." It was hosted by President Mikheil Saakashvili, and was designed to draw attention to the progress Georgia has made since the start of 2004 after the Rose Revolution. Georgia's effort to disassociate itself from the image of the Caucasus, which is largely colored by crime, conflict and corruption and instead brand Georgia as 'Europe's East' is understandable.

The country has leapt forward on many difficult fronts. Petty corruption was targeted, the army and education system were modernized and made transparent, electricity cuts were overcome, and crumbling infrastructure was rebuilt. Bureaucratic procedures were streamlined, the tax code was overhauled, privatization was accelerated and the economy was opened up to foreign investment. These bold moves required confronting segments of society that benefited from crime, corruption and cronyism. Efforts to introduce respect for the state at times was pursued with overly hard-handed approaches. These dramatic moves also created social problems that may or may not have been inevitable. Moreover, some reforms have been skin-deep in their impact on people's daily lives. Unemployment is high; the implementation of new laws lags behind; new state authorities which replaced corrupt ones often lack expertise; power is concentrated in the hands of a small circle and the judiciary is still far from independent.

Saakashvili has underlined the positive, maybe neglecting the magnitude of the difficulties people still face and their inability to share his optimism and vision for the future. The question remains whether such a rapid and unwavering approach was necessary to keep the momentum, or whether a more measured, more participatory path could have been trodden. Ketik Tsikhelashvili explores different dimensions within this issue in her article entitled 'Georgia Four Years after the Rose Revolution'. David Smith points out in his article the geopolitical importance of Georgia to the West and argues that Turkey can play a critical role in furthering Georgia's integration with NATO.

Turkey's engagement in the Caucasus has stepped up in recent years. After a decade of vague claims about playing a leading role in the region with little to show for it, the Turkish government has increased its proactiveness in the region. Turkey has intensified its relationship with Russia as well in recent years, which may be in line with its effort to rely less on the United States and the European Union. However, as authors noted in the Summer 2007 issue of TPQ covering Central Eurasia, Russia is a dubious partner, with questionable interests in appeasing Turkey. By providing Turkish politicians and authorities who are

frustrated with their Western partners the confidence to further loosen ties, Russian strategists may calculate that this will enable Russia to have a freer hand in the region in the future.

Russia's version of democracy and capitalism is clearly not in line with the European principles Turkey has been dedicated to emulating. For Russia, sovereignty and thinking based on balance of power are still prevalent, while Europe tries to foster mutual dependency and shared sovereignty. Russia is an unpredictable actor, with growing anti-Western sentiment in its society. Shaken by the Rose Revolution, post-imperial Russia fears losing further influence in the region. Ivan Krastev, in a German Marshall Fund Black Sea Paper titled 'A clash between modernism and post-modernism' asks if Russia is a global power, or a declining power which is making a temporary comeback based on rising energy prices. For now, it appears that Turkish foreign policy makers have bet more on Russia's sustained power in the region than on the soft power of the EU or the potential legitimacy and power of the US. However a close look at Russia's deteriorating education system, increasing social inequality and corrupt institutions, suggests this may not be the case.

Disillusioned by the EU and the US, Turkey is pursuing a more multi-dimensional foreign policy to maximize its potential as a regional power. The government of Georgia has clearly oriented the country to the West without hesitation about going out on a limb by putting all political capital into Euro-Atlantic integration. As Elmar Mammadyarov outlines, for his country, "the process of Europeanization of the Caspian region is not a zero-sum strategy". Armenia is clearly Russia-prone both in economic dependence and in a strategic sense. With all the countries in the region trying to strike a perfect balance with different levels of caution, the puzzle pieces are still being shifted around. It is important that Turkey, to live up to its claims as a regional actor, make the character, priorities and mandate of its newfound self-reliant foreign policy more clear.

It is in the interests of the entire Caucasus that Turkey move forward in the EU membership process. Moreover, Turkey needs its EU engagement in order to have value for the region. As was emphasized in the TPQ Roundtable on November 8<sup>th</sup> 2007, in which three of our prominent advisory board members, Hikmet Çetin, Fred Kempe and Mark Parris, shared their perspectives about 'Turkey's changing global role', Turkey's added value in the region is largely a factor of its standing in the West. Disengaging from the West could automatically render Turkey less effective in Eurasia and the Middle East.

The EU's European Neighbourhood Policy engages all three South Caucasus countries and is elaborated on by Sascha Tamm. To what degree the EU has leverage without offering security guarantees or clear membership prospects is a question often raised; however, there are indeed issues where EU soft power has potential. The newly released report of the Caucasus Caspian Commission elaborates on this potential in depth, kindly provided to TPQ immediately after publication and included in a slightly compacted version. This report is a critical call for increased European involvement in the Caucasus, with concrete suggestions of how to move forward.

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We would like to encourage you to visit our renewed website, [www.turkishpolicy.com](http://www.turkishpolicy.com), where you can also access the TPQ content of the six exciting years we have left behind. As always, looking forward to your feedback,

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