

# **Azerbaijan at the Crossroads of Three Powers: Russia, Iran and Turkey**

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## **Significance of the Country**

Two major characteristics of Azerbaijan are usually brought in to justify an outside interest to the country—its geographical location and abundant oil and gas resources. Located on the shores of the Caspian Sea—with old city Baku as important port—for many centuries it used to connect trade routes between North and South, and had been part of the Great Silk Road from the East to the West. It is the only country in the South Caucasus, who borders all three powers. Strategic location on the crossroads and rich oil deposits made it attractive for conquerors who were competing for the influence over the Caucasus, inhabited by numerous ethnic and confessional groups. Thus in different periods of history this mountainous and diverse region was part, besides others, of the Persian, Ottoman and Russian empires, with all its controversial legacies and influences. It became a divided nation since the two Russian-Persian wars in the beginning of the 19<sup>th</sup> century and at present has even greater representation in Iran (around 30 mln.) than in independent republic of Azerbaijan (8 mln).

Before industrial development of oil, the strategic location of Azerbaijan played an important role in the great powers competition. The fortress Baku served Russia as the outpost in its South Eastern and naval borders. For Azerbaijan the influence of its oil resources in this significance grew exponentially since the middle of the 19<sup>th</sup> century with the development of industrial capitalism and technologies. This turned the country in the “Klondike” of Russian Empire, attracting major capitalists of the West, such as Nobel, Rothschild, and causing mass inflow of the labor force from Russia and Iran. The lands of the villages around Baku appear to be rich with shallowly located and pure, almost refined, which was called since old times—“white” oil and gas. These as a result of extensive exploitation were exhausted by the 40s, and left behind it contaminated lands of the formerly agricultural areas, so that the Soviet development of the oil transferred to the sea. For that a unique extended platform of dozen of kilometers was built on the sea—almost a whole town with infrastructure and even cultural objects—called the “Oil Rocks.”

The long history of raids, conquests and occupation from the side of empires created a pattern of resistance, which often leaves a wrong impression of natural bellicosity of the region—permanent warlike culture, which is impossible to change. The historical roots of instability in the Caucasus and the role of the great powers and empires in the conflicts was perfectly described by Bruce Grant<sup>1</sup> in his research of rebellion against Bolsheviks in the Azerbaijani

Sheki villages in 1930. In fact, the long term and fierce resistance of Azerbaijanis even after 10 years of bloody occupation by the Red Army, was the best proof of imposition of the last Russian political project brought in to the other republics and nations. It also explains its failure and the immediate victory after collapse of the Soviet Union of the pre-Soviet political project—the first democratic parliamentary republic in the Muslim East—Azerbaijan Democratic Republic founded in 1918.

In all major events of the 20<sup>th</sup> century oil of Baku continued to be source of significant attraction for the big powers. Similar to the beginning of the 20<sup>th</sup> century when Bolsheviks viewed occupation of Baku as vitally important, in the middle of the century during the second world war the oil rich Baku was an important strategic objective for the German troops, which however were stopped before they advanced in the Caucasus.

## **Modernization and Role of Azerbaijan**

Most of the foreign actors and analysts define Azerbaijan's importance in terms of real interests, namely hydrocarbon resources and geographical strategic location. Historically, however, Azerbaijan used to play even more important role as a source and conductor of modernizing influences far beyond the Caucasus. Few factors make Azerbaijan's role special in this regards.

One is an open and dynamic culture, which was formed not in the last turn because of its location on the crossroads.

This culture served a fertile ground for development of reformist and innovational trends within Islam as early as 12<sup>th</sup> century. The magnificent view from the bay of the medieval town on the hill, surrounded by double walls, minarets, baths and European style 19<sup>th</sup> century “oil boom” era buildings, has significantly changed since post-Soviet independence. Previously the pride of all Baku citizens, the shape of the town is now dominated by the multi-storey buildings, chaotically and hastily built by the nouveau riche, conveying not its ancient history, but rather having the look of a recent settlement, built from scratch.

This view of Baku reflects and symbolizes the transformation of Azerbaijan over the centuries, including the different paths of its modernization during two waves of the “oil boom”—first, the industrialization of the 19<sup>th</sup>—early 20<sup>th</sup> centuries, and the second following the post-Soviet independence at the end of the 20<sup>th</sup> century.

Modernization processes in industrial Europe penetrated Caucasus mainly through Russia, whose colonies were particularly affected by the political and economic czarist-reforms in the second half of the 19<sup>th</sup> century. Arrival of foreign entrepreneurs to Baku—industrial capital of the Caucasus—accelerated development of technologies, infrastructure, trade, construction, culture and service sector. Most importantly privatization and industrial capitalism led to the development of “the classes similar to those in Europe”<sup>2</sup>—working class and bourgeoisie, multiparty system and free media.

The Westernization of Azerbaijan is deeply enrooted in its history. In the middle of the 19<sup>th</sup> century the educated elite—philosophers, writers, scholars—lead a reformist movement, which had an influence reaching far beyond the Caucasus. Suggestion by a writer and philosopher Mirza Fatali Axundov, who appealed to the rulers of Russian, Ottoman and Persian empires to transfer from the Arabic alphabet to Latin to promote progress of the Muslim peoples was supposed to accelerate modernization of the large parts of population. The reformist and anticlerical satirical journal *Molla Nasreddin* published by outstanding Azerbaijani intellectuals, painters, poets was read from “Greece to China.” Moreover, ideas of the Azerbaijani reformers, (along with other intellectuals of the region) had a significant impact on the Constitutional revolution in Iran. Azerbaijan Musavat Party emissaries, spreading their ideas beyond Azerbaijan, played a crucial role in formation of Turkish national identity.<sup>3</sup> Establishment of the secular democratic parliamentary republic in Azerbaijan was met with inspiration in Central Asia.

The important potential of Azerbaijan’s political influence was understood by Bolsheviks, who after occupation of the country held their first Congress of the Peoples of the East in 1920 in Baku, which had near 2,000 delegates from 38 countries, including Central Asia, China, Korea, Syria, India, Japan, Iran and other.

Indeed, before arrival of Bolsheviks, there was a lot to “export” from Azerbaijan to the other Muslim states—its

liberal constitution and representative parliament, women's rights and freedoms, its secularism and modernizing high culture, political pluralism and tolerance.

In spite of the Soviet purges and attempts to eradicate historical memory through change of the alphabet, the true nature and identity of Azerbaijanis, such as individualism, ties to the land, philosophy, history and language survived the worst years of the Stalin's repressions. Private entrepreneurship—both legal and illegal—was mushrooming in the times of the “thaw,” proving alien nature of the collective forms of property and production imposed by Russians in the Caucasus.

### **Post-Soviet Caucasus Conundrum**

Three civilizations, Zoroastrian, Christian<sup>4</sup> and Muslim, which were spread for centuries on the territory of Azerbaijan, and influences of at least three empires—Persian, Ottoman and Russian—added to the complex and multilayered character of Azerbaijani identity. In spite of this complexity, after collapse of the Soviet Union, similar to the other states in the Caucasus, the generation of intellectuals and dissidents, who elevated to power in their struggle with communists based their policy on the ideas of liberal democracy, thus reviving pre-Soviet political projects.

This ideology of a secular democratic liberal state, along with the issue of the conflict with neighboring Armenia, determined post-Soviet foreign policies of the country and direction of integration of Azerbaijan.

Geopolitically the country faced an intense competition of all three regional powers after collapse of the Soviet Union, seeing it as a unique window of opportunity. For the “newly” independent states, however, it represented a significant security challenge—in the face of Iran with its sentiments about former “provinces,” Russia—with her unwillingness to reconcile with loss of “the underbelly” or the Southern flanks, or for Armenia—in the face of possible increasing role of Turkey in the region.

Collapse of the Soviet Union changed power balance in the region and brought to agenda not only pre-Soviet political projects, but unresolved territorial issues and historical grievances, inflamed by the intensified competition of the three regional powers for influence over strategic region with rich resources.

The Upper Karabagh conflict emerged while Soviet Union still existed and by opinions of many significantly contributed to its ultimate disintegration. Not only it started a series of flows of refugees and IDPs, ethnic cleansing, humanitarian emergencies which added to already worsening economic situation and insecurity of population, but it also prevented unification of the South Caucasus states, similar to that in Baltic region. It substantially slowed down economic growth and pace of reforms, affected state and democracy building, and their integration in the European and Euro-Atlantic structures. Similarly, secessionist conflicts in Georgia—Abkhazia, Southern Ossetia—were increasing internal instability through undermining political leadership

and preventing the country from serious breakthrough in economic and political development.

De-colonization put young states *vis-à-vis* three ambitious powers in the region and in the situation of necessity to maneuver in order to avoid turning into arena of clashes of their interests. All three of them applied coercive methods in their foreign policies. For instance Iran used its gas supplies to Nakhichevan (part of Azerbaijan with no borders with the mainland), or trade with Armenia and Upper Karabagh as means of pressure on Azerbaijan, Turkey joined embargo of Azerbaijan towards Armenia. But of all three only Russia interfered in the region through the direct military or political support to autonomies in Georgia and to Armenia and Upper Karabagh. For Russia, resolution of the conflicts would mean loss of the Caucasus, as normalization of relations of Armenia with Azerbaijan and Turkey would make Russian basis in Armenia meaningless.

The paradox in the eyes of many observers is a consistency of the leadership of the Caucasus states, first of all Georgia and Azerbaijan, in foreign policy priority of integration in the West.

Two major factors determine direction of integration or foreign policy priority of the Caucasus states: security and identity, as expressed by the nature of political projects. For Azerbaijan the issue of violated territorial integrity as a result of Armenian occupation was the main security threat determining its post-Soviet foreign policy and alliances. Similarly, Russia has been perceived as a primary threat to

Georgia because of her support for the secessionist movement in Abkhazia and South Ossetia.

## **Russia**

Russia's permanent pressure on the insurgent republics—Azerbaijan and Georgia—by means of direct military support to Armenia during the war for Upper Karabagh autonomous region of Azerbaijan, or support for secessionist movements in Georgia did not leave many options for these two republics. Some concessions to Russia in sovereignty by the consequent leadership in Shevardnadze in Georgia and Aliyev in Azerbaijan (entrance to the CIS for instance) just decreased some intensity of pressure on the leaders, but were not sufficient to make Russia to abandon its traditional policy divide and rule. There were obvious limits to what could Russia sacrifice to normalize relations with her former colonies. High dependence of all three states, particular Georgia and Armenia on Russia's energy, makes them vulnerable to the usage of the energy supplies as mean of political pressure from the Russian side. On the other hand, Russia is hosting near 3 mln labor migrants from the Caucasus, the status of whom is also being used as means of pressure. Growing Russian ambitions in economy opens opportunities first of all in the non-oil sector, which is not attracting Western investors because of many risks. Russia is also watching with anxiety the strong intention of Georgia and Azerbaijan (and recently—trends in Armenia) to inte-

grate in European and Euro-Atlantic structures. Thus Russia is not ready yet to accept an independent policies of the Caucasus republics and slows down further integration of Azerbaijan in the Western structures.

## **Iran**

As it was mentioned above, Iranian-Azerbaijani relations are full of controversy. On the one hand, for centuries Azeri Turks and Persians co-existed in the common state, the Azeri Turks rule in Iran, such as Sefevi or Gadjar dynasty, alternating with Persian. United by Zoroastrian past, Shia branch of Islam, cultural and kinship links, they celebrate the same holidays and Azeris dominate some areas of economy and politics. On the other hand, normalization of Azerbaijani Iranian relations face structural obstacles. These obstacles were observed in the pre-Soviet period, when Iranian religious influence was perceived as contradicting and hostile to the very essence of the democratic secular republic of Azerbaijan—the statehood of which was formed not on the basis of religion but nation. Similar to the beginning of the 20<sup>th</sup> century Iran invested in extension of its influence after collapse of the Soviet Union to independent Azerbaijan, building mosques, medreses, offering thousands of students from poor families free education in Iran. On the other hand, Azerbaijan was perceived as a threat to Iran with its potential influence on the nationalism in the Northern provinces of Iran populated by more than 30 mln.

Azerbaijanis, who, unlike other minorities in Iran were deprived of some basic cultural rights. The notion of “one” nation, thus denying distinguished national identity of Azeri Turks by Persians, were not shared in independent Azerbaijan. Unlike some expectations by the scholars of the region, Iranian-Armenian relations appeared to be much warmer than those of Iran with Azerbaijan. The crucial factor in relations was Iranian cooperation with Armenia, who were in war with Azerbaijan and secessionist Upper Karabagh, what undermined its non-partisanship and hindered its ability to mediate the conflict.

Iran in turn was irritated by the pro-Western, in particular pro American and pro-Israeli policy of Azerbaijan. Not only leader Heydar Aliyev were crucial in bringing in the region numerous extra-regional actors, such as US and major transnational oil corporations, but refused Iran a share in the contract of the century in 1994 under the influence of the US. Thus Iranian—Azerbaijani relations were characterized by normalization alternating with periods of tension. The strategic partnership with the US, in particular, participation in coalition in fight with terrorism clarified a division line between the security orientation of two neighboring states. The most recent aggravation of the situation related to the possibility of application of the strict measures by the US on Iran because of the issue of nuclear weapons, put Azerbaijan in the spot of debating its role in this policy. Against the background of growing anxiety, the statement of one of the delegates at the congress of Azerbaijani Diaspora regarding

the issue of the Iranian Azerbaijan caused immediate reaction of the official Iran as unfriendly gesture from the side of its neighbor.

## **Turkey**

There is a misperception that this is mainly language and culture which makes Turkey and Azerbaijan natural allies. In fact, closeness of language is similar to that between Croats and Serbs, or Russian and Ukrainians, while two people belong to different branches of Islam—majority of Azeris to Shia, while Turks—to Sunni. In reality, the secular democratic independent and westernized state with Turkic speaking population has been a model for Azerbaijanis all through the years of Soviet suppression. While social and emotional sentiments of Azeris in the Soviet Union were connected with the members of their families in Iran, whom many lost ties with since creation of the USSR, while politically their aspirations were connected with relations with Turkey. Besides, in population memories these were Turkish troops which protected for some time Azerbaijani Democratic Republic, attacked by the Bolsheviks and Armenian Dashnaks in 1918-1920. For Azerbaijan the closest ally was Turkey, who was the first to react to the advancing Armenian troops in the Azerbaijani territories. True, tied by its membership in NATO and objective of integration in Europe, Turkey did not interfere militarily in the conflict, unlike Russia, limiting her reaction by economic measures and

military exercises during the war close to the borders with Armenia. However, should Turkey got involved directly in the conflict, as the counterbalance to the Russian military participation, the international community would be quicker to react to the threat of internationalization of conflict and probably the conflict would be resolved by now.

Respect for territorial integrity of post-Soviet Azerbaijan and identity formed a foundation for the good relations between two states, which on many occasions co-operated on the foreign policy issues in the international scale. The leadership of Azerbaijan in turn created all the conditions for the Turkish business, besides cooperation in oil and gas sector and strategic pipeline projects. However, position of Turkish business, outside the main oil contracts, is vulnerable to the domestic political shocks and changes, particular in areas which are the subject of other regional actor's ambitions. In a move to consolidate power from the side of the authorities, cracking on the rivals oligarchs consequently led to the loss of position for the related foreign business, as it happened recently with the Turkish and other companies, who were seen under the patronage of the imprisoned former Economic Development Minister.

Thus, post-Soviet geopolitical situation did not favor smooth state, nation and democracy building of the newly independent states in. Similar to the pre-Soviet brief period of independence the region has become a victim of the high interest of different powerful actors to its oil and strategic location. Politically it first of all affected domestic instabil-

ity in these states, creating either power gaps or frequent changes of leadership, which in turn led to other internal, and regional security challenges.

## **Extra-Regional Actors**

Of all regional powers none, except for Turkey, looked attractive for Post-Soviet Azerbaijan and not only because of the cultural and linguistic similarities and shared security concerns. Turkey was a secular democratic state, closely connected with the West—member of NATO and integrating in EU. However, relations of the Caucasus states with the West were characterized by the contradiction between the “identity and geography.” While trends of modernization and Europeanization, as it was mentioned before, had its roots back in the history, the perception of the Caucasus in the West, in particular of Muslim Azerbaijan, did not coincide with its self-image in the region. Despite that most of the South Caucasus elite and population is considering themselves “European” with strong desire to integrate in Europe, the image of the Caucasus in Europe for a long time did not extend beyond that of mountainous and exotic people.

The Western aid in particular to the civil movements and democracy building was driven by the historical and subjective factors, rather than by thorough calculations of sort term and long-term interests and anticipation of the policy consequences. The US and European foundations would come to Georgia early because of the factor of Edward

Shevardnadze and his role for the West (German funds would, for instance, give support to Georgian Greens, while Azerbaijani Greens were hopelessly trying to find support from the West in the end of '80s early '90s), while well established Armenian Diaspora abroad would attract grants and investments in Armenia. Thus in the most intense period (end of '80s middle of '90s) of social activism and popular mobilization Azerbaijan was not receiving enough support for its civil society and building of democratic institutions.

Azerbaijan's relations with the West were characterized thus by asymmetry—strong incentive from the side of Azerbaijan to get Western attention to its security and identity issues and little interest from the side of the West to anything there, but oil. The investments in the oil sector, which remains in the state ownership, started since the contract of the century signed by the late president Heydar Aliyev and 11 foreign oil companies, majority of which are Western and counted in billion of dollars. By 2012-2015 extraction of oil will reach its peak, but then it will experience sharp decline. Because of the high dependence of Azerbaijani economy—GDP, exports etc.—on oil and its products, national economy is vulnerable to the external shocks, such as decline of the world price of oil and to the so called Dutch disease.

Most important, however, is the influence of oil factor on the state and democracy building. The Human Development Report of Azerbaijan in 1997<sup>5</sup> warned about long-term

consequences of the development of hydrocarbon resources of Azerbaijan in the absence of mature democratic institutions. It anticipated process of strengthening of ruling elite through multibillion investments and weakening under funded civil society and creation of the conditions well described by the scholars of the oil dependent economies.<sup>6</sup>

The abundant oil and gas resources affect the bilateral relations and the influence of their agenda on the nature of transition in the newly independent states. The case study of Azerbaijan proves that democracy agenda in bilateral relations is usually sacrificed for the sake of energy or security interests. In this regards satisfaction of the economic interests, first of all in the energy sphere, of the leading economic powers—the US, UK and other states of the West did not lead automatically to the promotion of the economic reforms or institutional liberalization. As it was dependent on the political will of the authorities, which bore legacies of the old communist leadership style, the reforms got frozen at the point when it started to be perceived as a threat to the monopoly on power and resources of the ruling elite.

Neither bringing in energy interests of the Western states to the Caspian, or cooperation in the war with terrorism helped the Azerbaijani government so far to resolve the most important security issue of the occupied territories.

The US is the most powerful extra-regional actor. It has enormous resources at its disposal as the foreign aid to the states in transition. Yet, first democratically elected Azerbaijani government was deprived of the US aid in 1992 as a

result of the pressure of the Armenian lobby in the US Congress, which adopted amendment 907 to the Freedom Support Act.

Neither US—Azerbaijan cooperation in security sector has been sufficient to restore territorial integrity, counteract threats from Russia, or possible threats from Iran. Deepening cooperation with NATO and intensified cooperation with the US after 9/11 contributed to the improvement of the security situation in the region. Yet, cooperation in security sector is now facing another dilemma—how to improve professionalism of the force structures and at the same time avoid its abuse from the side of the government in dealing with political dissent and popular protests.

European Institutions, first of all Council of Europe, which Azerbaijan is a member, has been most consistent regarding reform process in the country. Unlike representations of individual European states, except for Norwegian ambassador, the co-chairmen of the monitoring committee of the Council of Europe were perceived in the region as the most devoted and principled representatives of the European Institutions. EU, in particular its assessments of Azerbaijani elections, in this regards looks less principled. Much will be dependent on the nature of cooperation between the EU and the country within European New Neighborhood Policy framework.

This leads me to the most crucial issue regarding Azerbaijan's legacies and the future.

Taking into account mixed legacies of all the epochs and influences, one should assume, that the democratization

and realization of the reform potential of Azerbaijan under such complicated geopolitical environment, when none of the regional actors is really interested in the development of strong, independent democratic secular state rich with oil resources and Muslim population—is not possible without *genuine* support of the Western democracies. When I say *genuine*, I mean caring not only about real interests, oil and security, but also about the *effects*, which such policy may have on this state in transition.

Azerbaijan is the most dramatic example of the above mentioned contradiction “between geography and identity:” to the peripheral location and exotic image of Georgia and Armenia in case of Azerbaijan the issue of oil and Islam is added. This makes its objective to get integrated in the West even more complicated, because of the perceptions and real interests in the West. In spite of the fact, that political Islam traditionally has been very weak in the country, and that the country showed a unique example of building the first democratic republic in the Islamic world based on liberal principles with its influences going far beyond the region, there is little trust and interest from the West in reform potential and power of the civil society of Azerbaijan to lead the process.

The availability of hydrocarbon resources makes not only regional powers, but also the western states to prioritize stability or security agenda in bilateral relations with Azerbaijan, leaving reforms and democratization as a secondary issue in perception of leaders, while undermining the image of the Western democracies in the eyes of public.

Even the new security priorities and objectives as expressed in the New National Security Strategy of the US, which stresses democracy as the main factor of security, were “adjusted” to the assessment of elections in the oil rich Azerbaijan. To the great disappointment of the civil society and opposition the US recognized the fraudulent 2003 presidential and 2005 parliamentary elections.

Squeezed between three regional ambitious powers, Azerbaijan managed both to maintain its independence, and to maneuver between regional powers’ interests in order not to turn into the stage of their clashes.

The direction of further integration will be dependent on the Western attitude to the country—strengthening trust in its reform potential of the society and principled approach in the relations at the state level. The greater authoritarian trends in governance is already reflecting itself in drifting towards Russia. Before it is too late, the world community should try not to lose a unique chance to promote reforms in the Muslim country with the broad basis for liberal democracy.

## Notes

1. Bruce Grant, “An Average Azeri Village (1930): Remembering Rebellion in the Caucasus Mountains,” *Slavic Review*, v. 63, n. 4 (2004): 705-31. According to Bruce Grant near 10,000 local villagers in and around Sheki took place in the rebellion against Bolsheviks in 1930.
2. This process of modernization in Azerbaijan was described by Audrey Alstadt in her book *The Azeri Turks*, Stanford University Press, 2000.

3. This circumstance was particularly stressed by historian Kamal Karpat reflecting influence of Azerbaijan on Ottoman Empire, during the discussion at the conference on Central Asia and Caucasus foreign policies (Russian Littoral Project) at SAIS Johns Hopkins University in March 1994 in Washington DC.
4. The spread and influence of Christianity in Azerbaijan is well described in the most recent publication by Sara Kasumova *Khristianstvo v Azerbajjane v rannem srednevekoviye*, Baku, 2005.
5. *Human Development Report*, UNDP, Azerbaijan, 1997.
6. See for instance Terry Lynn Karl, *Paradox of Plenty: Oil Booms and Petro-States*, University of California Press, Berkeley-Los Angeles-London, 1997.