

CENTRAL ASIA AND THE SOUTHERN CAUCASUS: GEOPOLITICAL VALUE FOR RUSSIA

Sergey LOUNEV

*D.Sc. (Hist.),
chief research associate,
Institute of World Economy and International Relations, RAS;
professor, Moscow State Institute (University) of International Relations,
Foreign Ministry of Russia
(Moscow, Russia)*

The world has been moving toward the regionalization of international economic and political relations for some time now. This is manifested in two ways:

- In a shift toward a multipolar world, which seems quite probable and will most likely be realized through cooperation; this will divide the world into clearly discernable zones of influence of the world powers within which regional contacts will rapidly develop;
- In the emergence of “gray zones” for which the world centers will not take (or will be unable to take) responsibility.

Central Asia and the Southern Caucasus form one of such vast regions in the post-Soviet expanse. Their development trends are very similar, while the differences between them can be described as “general,” “particular,” and “singular.” Very soon these regions, or at least their larger part,¹ will be regarded as sub-regions of the Greater Middle East.

The southern part of the Soviet Union developed into a geopolitical region in its own right when the socialist system of statehood (which kept together ethnic groups never on the best terms with each other for long periods) became a thing of the past. The Soviet Union’s disintegration brought the old contradictions among ethnic groups and the former Soviet republics or their sub-regions into the open.

Across the post-Soviet expanse, the Caucasus was a place with the greatest ethnic problems, which drove Russians away from many parts of the region, the Northern Caucasus included. Russians no longer live in many places, while elsewhere the remaining Russians are actively driven away. Today, there are less than 10,000 Russians living in Armenia, which means that sooner or later the Russian diaspora will disappear. A few Russians are still living in Georgia. Azerbaijan is the only republic that still preserves its Russian community of about 150,000, which is much fewer than before.

The ethnic boundaries in the Caucasus mostly coincide with religious borders. There is a great share of the secular population in Muslim areas. So far, the danger of Islamic fundamentalism taking the upper hand in Azerbaijan is still negligible. Today, Islam has greatly increased its influence in the Lezghian (neighboring on the Northern Caucasus) and Talysh (neighboring on Iran) districts.

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¹ Soviet science placed Kazakhstan outside Central Asia.

Central Asia is religiously more homogeneous, yet ethnic conflicts there are very acute in the areas where state borders do not coincide with ethnic boundaries. This may, and does, cause ethnic conflicts in the south of Kazakhstan, between the Kazakhs and Uzbeks; in Osh and Uzgen, between the Kyrgyz and Uzbeks; in Samarqand, Bukhara, and the Sogd Region of Tajikistan, between Uzbeks and Tajiks; in Karakalpakia, between the Uzbeks and Karakalpaks; in the Amudaria oases, between the Uzbeks and Turkmen, as well as between Russians and Kazakhs in Northern Kazakhstan. None of the Central Asian states is ethnically homogeneous. In the last years of Soviet power, only Turkmenistan and Uzbekistan could boast of the titular nations' prevalence (about 70 percent in each of them). The figure for Tajikistan was about 60 percent, for Kyrgyzstan about 50 percent, and for Kazakhstan about 40 percent. The outflow of Russian speakers increased the share of the titular nations: from the very beginning migrants have been moving from Central Asia mainly to Russia. At the turn of the century, the flow subsided, but it did not stop altogether. The gradual, but steady and rapid decrease in the numerical strength of the Russian diasporas in Uzbekistan, Turkmenistan, and Tajikistan will go on unabated because of obvious discrimination (much crueller at the everyday level than in the Baltic countries).

Uzbeks are playing an increasingly greater role in all the Central Asian states. In the Ferghana Valley, for example, there are about 1 million Uzbeks living in the Sogd Region of Tajikistan and 500,000, in the Osh Region of Kyrgyzstan (on the whole, the Uzbeks comprise about a quarter of the population in both countries). So far, the number of Uzbeks in Kazakhstan is not large, yet it is steadily increasing in the country's south. Today, Uzbekistan itself is home to 45 percent of the region's total population.

There are the following ethnic and political conflicts in the Caucasus and Central Asia (some of them in full swing, others reaching this stage, while still others are potential):

- a) conflicts inside the region's countries:
 - between South Ossetia, Abkhazia, and Georgia,
 - between Chechnia and Russia;
 - between Ossetia and Ingushetia;
 - between the north and south of Kazakhstan;
 - between the north and south of Kyrgyzstan;
 - between regions of Tajikistan;
- b) conflicts inside regions:
 - between Armenia and Azerbaijan;
 - between Tajikistan and Uzbekistan;
 - between Kyrgyzstan and Uzbekistan;
 - between Turkmenistan and Uzbekistan;
- c) conflicts between states:
 - between Russia and Georgia over the support certain Russian circles extend to the separatists in Abkhazia and South Ossetia;
 - between Russia and Armenia and Azerbaijan over Russia's alleged support of the opposite side;
 - between Kazakhstan and Russia over the northern districts of Kazakhstan and the Russian southern districts with Russian and Kazakh populations, respectively;

- between Kazakhstan and China over the Kazakh population of the Xinjiang Uighur Autonomous Region and China's claims to Kazakhstan's eastern regions;
- between Tajikistan and Uzbekistan, on the one side, and Afghanistan, on the other.

The Soviet Union disappeared leaving its former southern republics in economic disarray. In Soviet times, Central Asia and the Caucasus were two separate economic regions that belonged to the country's united national economic complex. First, they had niches of their own in the regional division of labor: raw materials and agricultural product supplies; second, they received much of what they badly needed from Russia, which explains the present transportation network; third, economic ties ignored administrative boundaries, which later became state borders. The current status of the Central Asian and South Caucasian countries as independent states cannot be brought into harmony with the above circumstances.

The Soviet southern republics lived mainly on subsidies. According to the International Monetary Fund, in 1991, between one fourth and nearly half of the republics' budgets were based on subsidies from the center. There is the opinion that the actual figures were even higher. According to former president of Kyrgyzstan Askar Akaev, in the 1970s-1980s, the total amount of subsidies reached 30 percent of the GDP.² The gap between the world and domestic prices made the subsidies even larger: in 1991, trade with Russia added 6.5 percent to Uzbekistan's GDP.³ As soon as Russia radically cut down its open and latent subsidies, the region could no longer invest in industry and keep the social sphere afloat. Weaker economic ties between the Soviet successor states contributed to their industrial decline.

It should be said that in the first half of the 1990s, large-scale "hot" conflicts, political instability, lack of skilled jobs, etc. drove Russians and Russian speakers away from the region in great numbers. The autochthonous population who, as a result of the outflow, acquired real estate and other property for a song and moved up the career ladder was on the winning side, yet industrial enterprises began malfunctioning, the teaching level at schools and universities dropped, health services deteriorated, etc.

The hopes pinned on wide-scale international support and foreign investments proved futile. On its side, Russia extended relatively small amounts of economic aid when the Caucasian and Central Asian republics became independent states, while foreign investors were frightened away by political instability, vague development prospects, geographic location (only Georgia has a sea coast, while it is coastal areas that attract foreign money), undeveloped market infrastructure, etc. In 2003, the share of foreign direct investments in percent of GDP was 8.5 percent in Georgia, 7 percent in Kazakhstan, 4.6 percent in Azerbaijan, and 4.3 percent in Armenia.⁴

The economic weight of Central Asia and the Caucasus is small: even in 1991 Central Asia accounted for 0.4 percent of the world GDP and for 0.97 percent of the world's population.⁵ The share of the Southern Caucasus is even smaller: today it accounts for less than 0.1 percent of the world's GDP (even if GDP is calculated on the basis of purchasing power parity).

In the first half of the 1990s, GDP of all the southern republics dropped dramatically (from 15 to 20 percent in Uzbekistan to 50-70 percent in Kyrgyzstan). Tajikistan and all the South Caucasian republics experienced a catastrophic landslide caused by civil wars and ethno-political conflicts that cost them tens of billions of dollars. Not only industrial production in these countries dropped (in Kazakhstan in 1995 it was half of the 1990 level; in Uzbekistan, one quarter),⁶

² See: *Nezavisimaia gazeta*, 21 April, 1998, p. 1.

³ See: A. Kurtov, "Potentsial'nyi garant stabil'nosti," *Sodruzhestvo NG*, No. 2, 1999, p. 4.

⁴ See: *Human Development Report 2005. International Cooperation at a Crossroads*, UNDP, New York, 2005, p. 281.

⁵ See: A.V. Akimov, "Poisk mesta v mirovom khoziaystve," *Tsentral'naiia Azia: puti integratsii v mirovoe soobshchestvo*, Moscow, 1995, p. 91.

⁶ See: G. Starchenkov, "Blesk i nishcheta suverenno go Uzbekistana," *Azia i Afrika segodnia*, No. 6, 1995, p. 10.

agricultural production also decreased (by almost half in Kazakhstan and Kyrgyzstan).⁷ Real incomes shrank (according to experts, two- or three-fold in Kazakhstan).⁸

In the latter half of the 1990s, the Central Asian and South Caucasian countries managed to halt the decline. According to the European Bank for Reconstruction and Development, in 1998, GDP in Turkmenistan increased by 5 percent; in Kyrgyzstan by 4 percent; in Tajikistan by 3 percent, in Uzbekistan by 2 percent, and in Kazakhstan by 1 percent.⁹ The new millennium marked considerable growth of GDP in all the republics of Central Asia and the Southern Caucasus. At the same time, only two of them (Kazakhstan and Armenia) reached the 1990 GDP level; in 1990-2003, all the other countries experienced a negative annual economic growth: minus 6.5 percent in Tajikistan, minus 2.7 percent in Georgia; minus 2.6 percent in Azerbaijan; minus 2.4 percent in Kyrgyzstan; minus 1.3 percent in Turkmenistan, and minus 0.5 percent in Uzbekistan.¹⁰

The socioeconomic situation in the region has deteriorated. The level of poverty and unemployment is very high in Turkmenistan where the dramatic increase in hydrocarbon prices in the context of the gas monopoly in its economy allowed the country to reach acceptable per capita GDP figures. This, however, did not bring economic stability. Poverty, which has been and remains the main plight since the early 1990s, is appalling. According to the U.N. Development Program, which uses unreliable national statistics, the gap between the 10 percent richest and the 10 percent poorest is 12.3.¹¹ According to the UNDP human development index, Turkmenistan dropped to 97th place in the world. The living standards of the republic's average citizen have deteriorated. Turkmenistan's state incomes are nearly 6 times higher than those in Uzbekistan, yet they are squandered on non-productive construction and other dubious projects. The situation in culture is catastrophic: all unions of creative workers were disbanded together with the Academy of Sciences¹² and libraries¹³; theater buildings are razed to the ground, this has already happened to the Russian Theater.

In Uzbekistan, where per capita income is three times lower than in Turkmenistan (this places it in the 111th slot in the UNDP rating), the socioeconomic situation is also tense, but not as desperate. Officially there is practically no unemployment there. The gap between the 10 percent richest and the 10 percent poorest is a mere 6.1.¹⁴ The share of the poor (28 percent) is even higher than the share of the undernourished (26 percent); the body weight of 19 percent of children under 5 is inadequate; 31 percent of them are too small for their age.¹⁵ Together with Kyrgyzstan, Uzbekistan is the only CIS member in which the human development index dropped compared with 1995.

Kazakhstan enjoys the best situation in the southern region: it holds 80th place according to the human development index, which has grown from 0.738 in 1994 to 0.761 in 2003.¹⁶ The situation with poverty (19 percent) and unemployment (8 percent) is much better there. There is a positive trend too: in the last 7 years, the share of the poor noticeably dropped (in 1998, 31.2 percent of the repub-

⁷ See: S. Zhukov, "Kazakhstan, Kyrgyzstan, Uzbekistan v sotsial'no-ekonomicheskikh strukturakh sovremennogo mira," *Mirovaia ekonomika i mezhdunarodnye otnoshenia*, No. 36, 1997, pp. 47-48.

⁸ See: *Rossia i Kazakhstan, Stenogramma nauchno-prakticheskoi konferentsii*, Rossiskiy tsentr strategicheskikh i mezhdunarodnykh issledovaniy, Moscow, 1995, p. 58.

⁹ See: *BIKI* (Moscow), 5 January, 1999.

¹⁰ See: *Human Development Report 2005*..., pp. 267-268.

¹¹ See: *Doklad o razviti cheloveka. 2004*, UNDP, Ves' Mir Publishers, Moscow, 2004, p. 211.

¹² See: V. Panfilova, "Polozhit' konets 'zamorozhennoy' diktature Niyazova," *Nezavisimaia gazeta*, 14 March, 2005.

¹³ See: V. Panfilova, "Opasaias' repressiy, mestnye revoliutsionery bol'she trekh ne sobiraiutsia," *Nezavisimaia gazeta*, 22 April, 2005.

¹⁴ See: *Doklad o razviti cheloveka. 2004*, p. 212.

¹⁵ *Ibid.*, p. 184.

¹⁶ See: *Human Development Report. Kazakhstan. 2004. Education for All: the Key Goal for a New Millennium*, UNDP, New York, 2004, p. 103; *Human Development Report 2005*..., p. 220.

lic's population were poor);¹⁷ unemployment likewise dropped from 12.8 percent in 2000 to 8 percent in 2004.¹⁸

In other republics, the share of the poor is between 40 and 60 percent. Some of them have no middle class to speak of. In 1996-1999, 88 percent of those who worked in Kyrgyzstan earned no more than \$4 per day.¹⁹ While poverty and related problems are a new phenomenon in Georgia and Armenia, such former republics as Kyrgyzstan, Tajikistan, and Azerbaijan had a taste of them during Soviet times as well. In 1989, the poor constituted 11.1 percent of the population in the Soviet Union as a whole (in Russia, the share was 5 percent), while in Azerbaijan, a third of the population was poor. Today refugees from the conflict zones are widening the zone of poverty in the Caucasus.²⁰ The persistent conflicts add to the intensity of the socioeconomic crisis. In 2005, Armenia was 83rd in the world according to the human development index; Georgia, 100th; Azerbaijan, 101st; Kyrgyzstan, 109th; and Tajikistan, 122nd.

Table 1

Statistical Data for Central Asia (2005—estimate)²¹

	Kazakhstan	Uzbekistan	Turkmenistan	Kyrgyzstan	Tajikistan
Population	15,185,844	26,851,195	4,952,081	5,146,281	7,163,506
GDP at PPP	\$132.7 bn	\$52.21 bn	\$29.4 bn	\$9.32 bn	\$8.8 bn
GDP per capita	\$8,700	\$1,900	\$5,900	\$1,800	\$1,200
Budget	\$12.19 bn	\$2.815 bn	\$1.4 bn	\$0.56 bn	\$0.442 bn
Share of poor	19%	28%*	58%**	40%*	60%*
Share of unemployed	8%	20%	60%*	18%*	50%**
*2004.					
**2003.					

The Central Asian and South Caucasian countries may either find their niches in the international division of labor, or they may follow the lot of the developing countries without close ties with international economic centers—countries that have already become “gray zones.” There is the possibility of criminalized foreign economic ties if the Central Asian and South Caucasian production and trade (in drugs, among other things) move into the shade.

¹⁷ See: *Human Development Report. Kazakhstan, 2004...*, p. 108.

¹⁸ *Ibid.*, p. 22.

¹⁹ See: *Human Development Report 2005*, p. 231.

²⁰ Experts agree that the authorities overstate the number of refugees to increase international aid, yet the real figures are not small either.

²¹ The CIA site [<http://www.cia.gov/cia/publications/factbook/geos/kz.html>]; <http://www.cia.gov/cia/publications/factbook/geos/tx.html>; <http://www.cia.gov/cia/publications/factbook/geos/uz.html>; <http://www.cia.gov/cia/publications/factbook/geos/kg.html>; <http://www.cia.gov/cia/publications/factbook/geos/ti.html>].

Table 2

Statistical Data for Southern Caucasus (2005—estimate)²²

	Armenia	Georgia	Azerbaijan
Population	2,982,904	4,677,401	7,911,974
GDP at PPP	\$15.27 bn	\$16.13 bn	\$36.53 bn
GDP per capita	\$5,100	\$3,400	\$4,600
Budget	\$0.79 bn	\$0.87 bn	\$3.18 bn
Share of poor	43*	54%***	49%**
Share of unemployed	30*	17%***	—

*2003.
**2002.
***2001.

The possibility of finding their own niches is limited by the landlocked status of nearly all the local countries, the low competitiveness of the basic stratum of the workforce, etc. The traditional industrial road is therefore virtually closed to them. The “city” (main industries) has already moved over to East and South Asia and Latin America. In fact, only Armenia and Georgia, which in Soviet times had fairly developed intellectual potential, could probably break through into the post-industrial era, that is, become science-intensive economies. However, the brain drain and lack of money needed to develop science and technology will not allow them to realize this potential and join the road that the developed states have been following for some time. The strategy of developing human potential and technologically complex and science-intensive branches and increasing the role of science in industrial production will remain beyond their reach.

To achieve positive and sustainable economic and social development, the Central Asian and South Caucasian countries must rely on their own resources.

In fact, Central Asia as a new claimant to an independent role in the world economy is not in a bad position. Kazakhstan, with the widest range of natural resources and mining volume, is in the best position among its neighbors. It has the region’s widest choice of fuel, ore, and non-metal resources, the level of mining of the majority of them being relatively high. Other Central Asian countries are also rich enough: Uzbekistan has gas and gold; Turkmenistan has gas; and Kyrgyzstan and Tajikistan have gold and uranium.²³

The Southern Caucasus was not as lucky; only Azerbaijan has a certain amount of energy resources; other natural riches are scarce.

The present economic situation relies on hydrocarbons; this calls for a more or less accurate assessment of the oil and gas reserves in the region, in the Caspian Sea in the first place. The estimates are highly contradictory. Late in the last century American experts assessed their value at \$ 4 trillion;²⁴

²² The CIA site [<http://www.cia.gov/cia/publications/factbook/geos/am.html>; <http://www.cia.gov/cia/publications/factbook/geos/gg.html>; <http://www.cia.gov/cia/publications/factbook/geos/aj.html>].

²³ For more detail, see: S. Lounev, G. Shirokov, “Central Asia as a New Region of World Politics,” in: *Central Asia. Conflict, Resolution, and Change*, ed. by R.Z. Sagdeev and S. Eisenhower, CPSS Press, Washington, 1995, pp. 293- 310.

²⁴ See: M. Nesterova, “Bol’shaia igra v nef’,” *Sodruzhestvo NG*, No. 7, 1998, p. 1.

Russian experts operated with smaller figures, while Central Asian and South Caucasian experts preferred higher figures.

Kazakhstan's potential oil reserves are between 3.5 and 15 billion tons (according to Russian analysts and the U.S. Energy Information Administration); Turkmenistan can count on 1.5 billion tons of oil (according to Russian experts), or on 5 billion tons²⁵ (American assessments).

National statistics offers an even more striking picture. S. Niyazov, for example, assessed his country's gas reserves differently in different years: from 22 Tcm (before 2002 and 2004) to 44 Tcm (2002).²⁶ It has been always stressed that only a third of Turkmenistan's territory underwent geological survey, while 80 percent of its territory looked promising as far as hydrocarbon reserves were concerned.²⁷ According to Uzbekneftegaz, the republic's possible gas reserves are 5,429 Bcm.²⁸ These figures, however, need confirmation.

It seems that we should take into account only the explored and proven reserves. By 1991, it was discovered that the Azeri sector of the Caspian shelf contained 150 million tons of oil; the Turkmenian sector 79 million tons; and the Kazakhstani sector 673 million tons.²⁹ The Turkmenian and Russian sectors remained relatively unexplored. The world's high level of Soviet geological survey suggests that by the 1990s the most profitable fields have already been discovered; the oil reserves discovered in the post-Soviet period lay too deep to cause a stir in Soviet times. The oil fields in Kazakhstan explored back in the 1970s remained undeveloped for ecological considerations, among other reasons. By the late 1990s, the explored oil and gas reserves in the Caspian basin (the Russian and Iranian sectors included) were estimated at 4 Bcm and 7 Tcm, respectively.³⁰ Calculated in terms of standard fuel, the reserves are about 3 percent of the world's total. There were no new stunning discoveries there. For example, Persian Gulf oil and gas are estimated at 90 Bcm and 44.1 Tcm, respectively.³¹ The Caspian basin has no chance of developing into another Gulf. Russia's potential is higher than the figures quoted above: according to the Paris-based International Energy Agency, Russia accounts for 30.5 percent of the world's gas reserves (1,680 Ttft), while Turkmenistan's share is 1.3 percent.³²

Table 3 gives an idea of the proven Central Asian and South Caucasian gas and oil reserves and their export by the middle of the current decade.

We should bear other things in mind as well. For example, oil in Kazakhstan contains resin asphalt matter and requires special purification installations. Active hydrogen sulfide calls for anti-corrosion pipes.

Some states tend to overestimate their ability to deliberately mislead their people by creating the illusion of future prosperity and detracting attention from the sad social and economic reality. This strengthens their rulers' grip on power and attracts foreign investments. They supply no exact information about the real reserves, about the largest companies folding up, their business activity, and their failure to fulfill their obligations.

The real figures are not particularly impressive, yet the region's main oil and gas producers are steadily stepping up production. In 1996, Kazakhstan produced 26 million tons of oil³³; in 2001,

²⁵ See: E. Baykova, "Nazarbaev and Niyazov namereny konkurirovat' s OPEK," *Nezavisimaia gazeta*, 28 March, 2005.

²⁶ See: S. Kamenev, "Iushchenko prishlos' postupit'sia printsipami," *Nezavisimaia gazeta*, 28 March, 2005.

²⁷ See: V. Mikhaylov, G. Smol'nikov, "Gazovye reki, neftianye berega," *Nezavisimaia gazeta*, 19 March, 1997, p. 3.

²⁸ See: A. Vladimirov, "Stavka na inostrannykh investorov," *Nezavisimaia gazeta*, 17 February, 1999, p. 4.

²⁹ See: A.A. Arbatov, I.Sh. Amirov, "Rossia v mirovyy sisteme neftegazobespechenia," *Mineral'nye resursy Rossii. Ekonomika i upravlenie* (Moscow), No. 2, 1993, p. 19.

³⁰ See: A. Gromyko, "Novaia 'velikaia igra'," *Nezavisimaia gazeta*, 20 August, 1998, p. 8.

³¹ See: Iu. Fedorov, *Kaspiyskaia nefit' i mezhdunarodnaia bezopasnost'*, Issue 1, Federatsia mira i soglasia, Moscow, 1996, p. 17.

³² See: *International Energy Outlook 2003*, International Energy Agency, Paris, 2003.

³³ See: M. Gafarly, "Nefit' Kaspiia—problema i politiki i ekonomiki," *Sodruzhestvo NG*, No. 4, 1998, p. 1.

Table 3

Hydrocarbons of the Major Central Asian and South Caucasian Oil and Gas Producers³⁴

	Kazakhstan	Uzbeki- stan	Turkmeni- stan	Azerbai- jan
Oil production	65m t	7.6m t*	1m t**	23.8m t
Gas production	18.5 Bcm*	55.8 Bcm*	54.6 Bcm*	5.7 Bcm
Oil export	44.5m t**	—	—	—
Gas export	4.1 Bcm (import — 4.1 Bcm)*	6.5 Bcm	38.6 Bcm	—
Proven oil reserves	3.38 bn t*	70m t	36.9m t***	80m t***
Proven gas reserves	3 Tcm*	1.86 Tcm	2.9 Tcm***	62 Tcm

*2004.
**2003.

36 million tons; and in 2002, about 42 million tons.³⁵ According to the presidential administration of Kazakhstan, in 2003, the country produced 51.3 million tons of oil and gas condensate; and in 2004, 59.2 million tons.³⁶ Azerbaijan also increased oil production from 14 to 24 million tons.

The above suggests that the commotion caused by the Caspian and Central Asian hydrocarbon reserves was prompted by political rather than economically substantiated reasons.

The conflict between the individual and society is the main domestic contradiction in countries that started moving from the “patrimonial” to an “organic” social order (all the Central Asian and South Caucasian countries belong to this group). Social conflicts have already betrayed themselves and will continue unfolding in the form of social clashes between clans, regional groups, ethnic and religious communities.

The local elite mostly relies on the patriarchal-clan system. The region is living amid permanent struggle between the old and the new elite for the redistribution of political influence and economic control, carried out within traditional forms. Armenia is the only country where the new and old elite did not succeed each other; this was somehow softened by the war already going on by the time the republic became independent. The Central Asian elite has a very peculiar shape of pyramid, its share in the total population being greater than in the European Soviet successor states. It is fairly homogeneous, therefore changes at the top will inevitably go down to the grass-roots level. Clan interests in Central Asia are all-important—any attempt at ignoring them lead to national calamities like the civil war in Tajikistan.

³⁴ The CIA site [<http://www.cia.gov/cia/publications/factbook/geos/kz.html>; <http://www.cia.gov/cia/publications/factbook/geos/tx.html>; <http://www.cia.gov/cia/publications/factbook/geos/uz.html>; <http://www.cia.gov/cia/publications/factbook/geos/aj.html>].

³⁵ [<http://www.mineral.ru/Chapters/News/7387.html>].

³⁶ [<http://www.my.perm.ru/news/view/?id=13562>].

Today, the Central Asian and South Caucasian republics have not yet achieved internal stability. The democratic institutions of power remain undeveloped; the regimes are authoritarian to one extent or another; some of them smack of totalitarianism. Popular involvement in political life is illusory: although theoretically involved in the political process in the context of pseudo-democratic rhetoric and certain democratic institutions, the people are not actually in a position to affect it. The legislatures cannot control and coordinate national politics; in some countries this is the president's privilege. Nearly everywhere election results are shamelessly falsified.

For a long time Kyrgyzstan remained the only Central Asian country that tried to move toward a civil society, market relations, and an absence of national discrimination, at least at the official level. By the mid-1990s, however, the country was displaying sad signs of a deepening crisis between the more modern north and more traditional south. Kyrgyzstan began a reverse movement away from the democratization processes. So far the 2005 revolution has not brought changes for the better. Today, Kazakhstan leads the democratization process in Central Asia.

The South Caucasian republics are likewise far from true democracy. There is a widely shared opinion in the West that post-Shevardnadze Georgia is a democratic state—the conviction is rooted in the false idea that a pro-Western and anti-Russian course means democracy. In actual fact, Georgia has not fortified its democratic institutions and values; what is more, it is moving toward a regime of personal power.³⁷

It should be said that socioeconomic backwardness and genuine democracy are unlikely bedfellows. The post-Soviet nations paid dearly in social terms for the market economy and badly needed technological and structural modernization. This is probably one of the reasons why liberal values and an effective economic system were not fully accepted. The democratization process will inevitably slow down in any country with a huge number of poor people and a pitifully small middle class. In other words, democracy and economic prosperity are, in fact, synonyms. In Europe, the cradle of democracy, it developed along with social and economic progress. However, even in the context of fairly sustainable and gradual process, regress led to authoritarianism, dictatorship, and even totalitarianism.

While in Central Asia, the conflicts between states became latent (largely thanks to the local leaders' willingness to consolidate regionalism and their membership in organizations going beyond sub-regional boundaries—the SCO and EurAsEC), the Southern Caucasus is torn apart by all kinds of conflicts: domestic, external, mixed, ethnic, religious, clan, regional, territorial, etc.

All three South Caucasian republics are obviously fed up with wars, but not with conflicts, which means that the public and political forces are unwilling to carry on "hot wars," but are not seeking compromises with the opposite side. While expecting concessions from the opposite side, they will not put pressure on their own government to bring a settlement closer. It seems that this is especially dangerous for Georgia, the leaders of which, euphoric over the West's obvious and all-round support and driven by the nation's vicious disappointment in the Rose Revolution's results, might resort to the use of force once more to settle the ethnic conflicts. This will push the South Caucasian societies back.

Russia's policies toward the southern CIS members have already passed through three major stages: its complete refusal to maintain contacts with the region, which prevailed in the early 1990s, was replaced with the absence of a clear strategy, random responses to local developments rather than forecasting them, and voluntarism. On the whole, Russia's policy toward the Central Asian and South Caucasian countries in the last decade of the 20th century can be described as a complete failure. The Russian Federation had no clear and balanced conception of its relations with the former Soviet re-

³⁷ See: Ch.A. Kupchan, "Is Georgia Reverting to Tyranny? Wilted Rose," *The New Republic Online*, 30 January, 2006 [http://ssl.tnr.com/p/docsub.mhtml?i=20060206&s=kupchan020606].

publics. It was generally believed that they should either be forced back, that they were nothing more than a “civilizational burden,” or that they should be left to their own devices for some time until they realized there was no alternative to a new alliance with Russia. In this way Russia itself created unfriendly neighbors in the south.

The situation began to gradually improve when Vladimir Putin came to power: Russia noticeably stepped up its diplomatic activity in the south. It started acting more pragmatically—a wise choice for a still weak country. Regional cooperation, especially with Central Asia, became much more active in all spheres. The Collective Security Treaty Organization and the Antiterrorist Center in Bishkek were set up. In 2000, the Eurasian Economic Community appeared, which formulated the task of creating a free market among the member states by 2010. In 2000, the Russian leaders began changing their attitude toward the problem of compatriots. The training programs for teachers from Central Asia in Russia and textbook supplies were fulfilled. The volume of financial support for Russian speakers was increased, even if it remained inadequate.

I regret to say that the Russian leaders still lack a clear idea about the future of the post-Soviet expanse as a whole and Central Asia and the Southern Caucasus in particular. When working on its strategy in the south, Russia should be clearly aware that, first, the Soviet Union cannot be restored for economic, political, ideological, and other reasons; and second, that the dynamics of the political and economic processes in the region differs from country to country, which creates differences among the CIS countries and calls for an individual approach to each of them.

It seems that closer integration with Kazakhstan (and Kyrgyzstan connected with it) is in Russia’s national interests in Central Asia. Only these two countries have a chance of preserving their Russian diasporas. The economic reforms accomplished in the three countries have brought them closer together: both Kazakhstan and Kyrgyzstan have close economic ties with Russia while the religious situation in them is much better than elsewhere. In the absence of clear ideologies and with the presence of “model” conflict regions (of which the Ferghana Valley is one) and sharp increase in the number of young people deprived of access to education, Islamization is almost inevitable in Uzbekistan, Tajikistan, and Turkmenistan, where the radical elements will consolidate their positions, while most of the local people will grow poorer.

It is in the interests of Kazakhstan and Kyrgyzstan to integrate with Russia: this will weaken separatist sentiments and alleviate China’s pressure. Kazakhstan will find it easier to develop its huge economic potential in close cooperation with Russia. Russia’s all-round integration with these republics will not prevent it from cooperating with other countries in individual sectors.

To contain Islamic radicalism, Russia should go on developing close cooperation with the Central Asian countries, particularly with Uzbekistan as the most resolute and able ally in this sphere. On the international level, it would be advisable to cooperate with China, India, and probably the United States. The latter has certain tools for putting pressure on Pakistan and Saudi Arabia, two patron states of Muslim extremists. Russia should develop its economic cooperation with the Central Asian states, in particular with Turkmenistan and Uzbekistan, in producing, transporting, and marketing hydrocarbon fuels.

Today, certain countries are demonstrating their intention to oust Russia from the Central Asian economic expanse. At the same time, any attempts to interfere in the CIS countries’ economic cooperation with third countries by applying political levers of pressure are counterproductive; they will do nothing but create cooler relations with the region and the Far Abroad. Talks are advisable; it is wise to achieve a consensus (especially with Western companies) and become involved in economic activities there through equipment deliveries, supplying skilled workers, etc. At the same time, Russia should not remain passive when its rights are threatened by the deteriorating ecological situation in the neighboring territories, encroachments on its property, etc.

Today, drug trafficking threatens Russia's national security. Since the 1990s, drug abuse has become Russia's number one and most painful problem. In the mid-1990s, Russia was mainly a transit country—by the end of the decade it became a drug consumer. The bulk arrives in Russia from Afghanistan and Pakistan via Central Asia. It is obviously impossible to reliably control the flow and to stem it in the future without stronger regulatory functions by the state at the national level and its greater role in combating crime. At the level of interstate relations, effective cooperation is needed to control and discontinue criminal economic activities. It should be taken into account, however, that this problem cannot be resolved through political, legal, and information measures alone. The social and economic situation in Central Asia must be improved. Russia has only three alternatives at its disposal to at least contain the drug flow: it should properly equip the border with Kazakhstan (which is expensive and will cause displeasure in its neighbor and its Russian diaspora); establish effective border control on the Afghan border in cooperation with local border guards and customs officers (which can hardly be achieved), or properly equip the southern borders of Kazakhstan and, probably, Kyrgyzstan.

We must admit that Russia's prospects in the Southern Caucasus look bleak. Economically, the sub-region presents little interest for the Russian Federation: the economic importance of Armenia and Georgia for Russia is minimal; Azerbaijan's importance is relative and is limited to cooperation in hydrocarbon production and transportation. It is very hard to devise mutually advantageous Russian-Armenian projects while constant concessions to Armenia and the resultant cooler relations with or even alienation from Azerbaijan have generated economic losses (in the mid-1990s Russia was deprived of Azeri-produced cheap oil processing and oil production equipment). Russia's "disinterested" help to Georgia costs it even more, since the RF receives no dividends from its sponsorship.

The strategic importance of the Southern Caucasus is overestimated: NATO, which has bases along the Black Sea coast, particularly in Turkey, hardly needs them in Poti or Batumi. The West will have to cope with many difficult problems, particularly in infrastructure. Iran is sure to respond resolutely and harshly to its attempts to move toward the Caspian shore, which will probably be aimed against it.

There are no Russian speakers in the region. Millions of members of the titular nations have also moved to Russia. Georgia can be considered lost for Russia. Since the end of the 1980s, the Georgians' mentality and political behavior have changed: people have adjusted themselves to the changing social and political conditions, and new patterns and norms. To survive among their Muslim neighbors and unwilling to work hard (for all that, the nation's creative potential in the sphere of culture is fairly high), for many centuries the Georgians had to seek the protection of patron countries. Since Russia can no longer be Georgia's patron (like the Russian Empire and the Soviet Union were before it), the Georgians became completely disenchanted with the Russian Federation, they refuse to see anything positive in Georgia's history as part of Russia, and are busy looking for Russia's "invisible hand" everywhere. Both the elite and the public pin their hopes on the West (the U.S. and Europe).

Armenia is Russia's objective partner; even those political leaders who look at Russia without much sympathy speak about partnership with it at the official level. There are, however, serious limitations on wider military-political contacts: the Russian troops stationed in Armenia might find themselves isolated. Indeed, continued stationing of Russian troops in Armenia in the absence of Russian bases in Azerbaijan today and in Georgia in the future will separate them from Russia; they might find themselves trapped.

Russia should restore its essentially severed cultural ties with Central Asia and the Southern Caucasus for the sake of the Russian diasporas there and the fairly large numbers of local people oriented toward Russian culture (some of them were educated in Russia, others have relatives living there,

while still others were educated in the spirit of Russian culture). This is especially important in the case of Central Asia where they are the most consistent opponents of Islamic radicalism and well aware that there will be no place for them in their own country if the regimes turn Islamic. Foreign policy activity should take into account the rights of Russian speakers, which means that the principles applied to the Baltic states should be extended to Central Asia.