

NAGORNO-KARABAKH: TWENTY YEARS UNDER DAMOCLES' SWORD

ANAR VALIYEV

Abstract: This article examines the consequences of the Nagorno-Karabakh war for Armenia and Azerbaijan from an Azerbaijani perspective, showing how the conflict prevents democratization and internal development while blocking external ties. Continued conflict is leading to expensive and dangerous arms races and a demonization of each other's societies.

As Azerbaijan and Armenia celebrate their 20th anniversary of independence, both countries find themselves trapped in a conflict that has taken the lives of tens of thousands and drastically affected economic development. Since 1988, the Karabakh conflict remains the major issue for the domestic and foreign policies of Baku and Yerevan. International mediation has failed to bring the countries closer to each other while the political leaderships of Azerbaijan and Armenia are unwilling and unable to make any concessions. Meanwhile, the conflict can be seen as Damocles' sword hanging over the public in both countries, making them susceptible to manipulation. The governments, as well as societies, are trapped in a vicious circle of "no peace, no war" while this "frozen" conflict drains economic resources and political energies from their already weak and impoverished societies. The conflict also undermines the path of the South Caucasian countries toward Euro-Atlantic integration and diminishes their chances of becoming part of Europe. The following article looks at the impact of the conflict on both societies—including

lost economic opportunities, unmet political expectations, arms races, and stagnated political development.

Impact on Democratization

The political development and history of democratization in Armenia and Azerbaijan cannot be analyzed without taking into account the Karabakh conflict. Surprisingly enough, in its early phase the dispute served as a key impulse for the awakening of national sentiments. The conflict stimulated ethnic mobilization and drew wide sectors of both countries' populations into the movement for social and political reform. It created mass political opposition to the Soviet system, paving the way for the first democratic processes in both Armenian and Azerbaijani societies. Early political organizations in both countries were established on the wave of struggle for Karabakh. At the same time, the first democratically elected presidents of Armenia and Azerbaijan came to power because of the conflict. Meanwhile, the relative democratization enjoyed by these societies in the early years of independence fostered nationalism that became a very strong force in Azerbaijan and Armenia. Using Samuel Huntington's terminology, both countries suffered from a gap between high levels of political participation and weak political institutions. In this case, the weak institutions increased the likelihood of war, which became full-scale conflict right after the collapse of the Soviet Union. Against the background of the conflict, both countries also suffered from institutional weakness that created conditions encouraging hostilities.¹ After the situation moved from a "cold" war toward a "hot" one, the conflict became the major tool for keeping democracy from developing further. The political approach of the European Union and United States failed to democratize the countries because neither the societies nor the governments risked implementing liberal reforms in fear that it would weaken their stability and power to oppose the other.

Throughout its short history, elites skillfully manipulated the Karabakh conflict in order to justify their goals. For example, Armenia's Kocharyan-Sarkisyan government skillfully used the military clash between Azerbaijani and Armenian forces in northern Karabakh in March 2008 to divert people's attention away from rigged elections. The political establishment in Armenia was able to distract attention from domestic affairs by highlighting an external threat to the country. It became a very dangerous precedent that increased the chance of using the conflict for domestic purposes. One year later, the Azerbaijani government initiated a

¹ Edward D. Mansfield and Jack Snyder. 2002. "Democratic Transitions, Institutional Strength, and War," *International Organization* 56 (2): 297–337, <http://www.people.fas.harvard.edu/~johnston/mansfield.pdf>. (Accessed on February 28, 2009)

referendum on changes to the constitution that abolished presidential term limits as well as allowed the government to postpone elections when the country is in a state of war. Taking into consideration that every Azerbaijani president announces that the country is in a state of war with Armenia, such a constitutional clause has significant consequences.

For the last 20 years, countries with a vested interest in the situation, such as Russia, the United States, Iran, and the European Union, have sought to benefit from the conflict through mediation or siding with one of the conflicting countries. For example, external actors actively and successfully bargained over a range of issues, such as oil contracts, military bases, gas pipelines, and transportation links. Meanwhile, Azerbaijan and Armenia sacrificed their national interests in order to maintain a balance in the conflict.

Russia, in particular, became one of the main beneficiaries of the conflict. Playing on fears of renewed violence, Russia kept and reinforced bases in Armenia and Azerbaijan, and stopped or delayed both countries from integrating into NATO and the EU. Moreover, limited contact with the democratic countries of Europe and a heavy reliance on Russia made the Russian model of governance quite popular among the elites of Azerbaijan and Armenia. Political development in both societies reflects the Russian model of “sovereign democracy.”

The Russian policy toward the conflict could be described as “controlled chaos.” Russia manages the conflict, as well as puts itself in the role of arbiter, and therefore benefits from the “gifts” given by each side to win the Kremlin’s favor. Moscow, thus, is not genuinely interested in a resolution of the conflict and is able to frustrate the peace accord at any moment. The status quo of the conflict benefits Russia more than Armenian or Azerbaijani interests. The conflict allows Moscow to keep both countries, to varying degrees, in its orbit of influence. While Armenia has become totally dependent on Russian economic and military aid, Azerbaijan’s progress toward the West has been limited and possibly completely halted. Russia imitated mediation by pressing on both sides to keep a ceasefire. The Russian monopoly on mediation does not allow other regional players, such as Turkey, to participate. An analysis of the sum-total of Russian actions shows that Russia, whether under Medvedev or Putin, has not been genuinely interested in fostering a solution to the festering conflict. There is a sense that since the collapse of the USSR, Russia has revanchist and revivalist intentions.

Arms Race

The conflict and its pressure on the two societies make governments very sensitive to issues of security. Both countries spend more resources on

militarization and arms races than on institution building and reforms. Insecurity has diverted the elites from investing more in institutional capacity, education, social security, and infrastructure.

In Azerbaijan, for example, thanks to windfall oil profits, military expenses increased from \$135 million in 2003 to almost \$3 billion in 2011 (equal to the total Armenian federal budget). In December 2005, Baku established a defense industry ministry responsible for military production. Azerbaijan's reliance on military expenditures follows the advice of Reagan's famous slogan, "We will spend them to the ground."² Azerbaijan's arm race is mostly aimed at increasing the military burden on the Armenian economy, especially in times of crisis.

Armenia, in turn, despite hard economic conditions, has answered the militarization call. Armenia regularly purchases or receives weapons from Russia. In 2008 for example, Armenia received arms and weapons worth \$800 million and, in 2011, Armenia purchased arms from Moldova.

Not only Armenia and Azerbaijan are involved in the military race; we are also witnessing the militarization of Karabakh, where 65 out of every 1,000 inhabitants are under arms, surpassing almost all other countries when it comes to the proportion of a population in the military. All of this spending and efforts to achieve a military solution make the countries extremely vulnerable to shocks. Ultimately the arsenals that ostensibly were purchased with the idea of posing a threat could be used in a new war which would be much bloodier than the localized conflict of 1992-1994.

Lost Opportunities and Perceptions of Each Other

The unresolved conflict and tense relations between Armenia and Azerbaijan hinder regional economic development. Armenia has lost millions of dollars in investments that could have come from oil and gas transit fees. Meanwhile, Azerbaijan is spending an enormous amount to build transportation networks bypassing Armenia. The Baku-Akhalkalaki-Kars railroad is one vivid example. Officially, Baku is spending over half a billion dollars to construct a railroad to Turkey through Georgia, while Armenia has all the necessary infrastructure that would have significantly decreased the cost. At the same time, the conflict keeps the borders between Turkey and Armenia closed, limiting economic opportunities for the citizens of both countries. A recent rapprochement between them collapsed mainly due to Baku's resistance. The conflict, meanwhile, does not allow the three Caucasian countries to build a common market and trading space that would facilitate economic cooperation with the European Union.

The conflict has also changed the image and popular perception

² Peggy Noonan. 2004. *Thanks from a Grateful Country*. At http://reagan2020.us/tributes/noonan_1.asp (accessed January 20, 2012).

each society holds of the other. In Soviet times, interethnic marriages were common. Today around 99 percent of Azerbaijanis and 90 percent of Armenians would not marry someone from the other group.³ At the same time, only 0.5 percent of Azerbaijanis would approve doing business with Armenians, while 34.3 percent of Armenians would look positively at business relations with their eastern neighbor. On the basis of these figures, it seems that even if the conflict is resolved within a short period of time, restoring trust would take another decade. Both societies created an enemy image of the other that is engraved in their national ideologies and identities. For the young generation of Azerbaijanis and Armenians who grew up after the 1990s, it would be difficult to overcome the stereotypes and images of “the other” that they were fed for the last twenty years. The conflict, unfortunately, has stopped being a struggle for land. Instead, it has become an indivisible part of the political, cultural, and social development in both societies. Further development of this animosity would detrimentally affect future generations and make settlement of the conflict absolutely impossible.

Conclusion

Both countries understand that prolonging the conflict is not in their interests, but each side hopes that the status quo will harm the other more. The Armenians assure themselves that prolonging the conflict would lead to the recognition of Karabakh by the international community and force Azerbaijan to accept the realities on the ground. That hope is enough for the Armenian establishment to close its eyes to the catastrophic situation of the economy, demography, and development inside the country.

In turn, the Azerbaijani side believes that the continued flow of oil money would allow the country to achieve a strategic offensive superiority which would enable it to solve the conflict at an appropriate moment. Thus, Baku is waiting for a moment to change the balance in its favor.

Nobody, however, can answer the question how long this situation can be sustained. It is not hard to see how a tense situation can devolve into conflict.

There are three scenarios that can be drawn from the current situation. The first envisions the continuation of the status quo with further militarization and threatening rhetoric. Such a situation would make both countries dependent on external forces in order to keep a balance. Armenia, in order to check Azerbaijani’s military build-up, would need to rely more on the Russian army. Azerbaijan, meanwhile, will continue its close cooperation with Turkey and NATO. Neither side would risk breaking the

³ Caucasus Research Resource Center. 2010. Caucasus Barometer, at www.crrccenters.org (accessed December 20, 2011)

stalemate, nor would external powers prefer such a situation.

The second scenario may lead to a certain advancement in the resolution of the conflict when Armenia returns occupied territories beyond the administrative border of Karabakh. This could happen only with the willingness and agreement of Russia.

A third scenario could lead to a short, full-scale war, the outcome of which is very difficult to predict. Taking into consideration the tense relations on the border as well as the large stockpiles of weapons in both countries, even a small incident near the frontline could spark a war. In that case, neither side would be able to stop the escalation of conflict.

Any of the possible scenarios could be fulfilled with equal chances. One thing is clear: prolongation of the conflict is decreasing the chances of the countries to set a path of positive and sustainable development.

The European Union and the United States need to understand the specific character of the South Caucasus and assist Azerbaijan and Armenia in coping with their internal problems. A resolution of the frozen interethnic conflict would eventually have an impact on democratic development in these countries. In the case of a successful solution, the countries of the South Caucasus would be able to pursue development without external help. A failed resolution of the Karabakh conflict will consequently lead to the failure of democratization in both countries. It will create favorable conditions for the countries to slip into establishing strong autocratic regimes requiring arms races and harsh rhetoric. Such a situation in the region could one day ignite a new, fierce war, the consequences of which are very hard to predict.