
Democratisation, modernisation and globalisation The EU and the hard tasks facing the three South Caucasus nations

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BACKGROUND

Over the last decade Armenia, Azerbaijan and Georgia have engaged selectively with the mutually re-enforcing processes of modernisation, democratisation and globalisation. However, this selectiveness has seriously hampered the process of transition, and undermines efforts to secure for the three countries a privileged relationship with the European Union. On its part the EU has upped its game in the region in recent years, partly because the region's proximity, following enlargement, makes it the natural next step for EU special engagement; partly due to its increasing economic and geostrategic importance; and partly in response to a desire in the region for a qualitative change to the basis of the relationship.

The president of Azerbaijan, Ilham Aliiev, told a gathering of his Cabinet of Ministers on 15 January 2013 that he took issue with foreign leaders when they described his country as post-Soviet. Leaders in the South Caucasus are uncomfortable with the post-Soviet label - and for good reason. The Soviet system in the South Caucasus was not only about one party rule and the command economy. In its seventy-year hold over the region, the system had made compromises with local circumstances in its quest to retain power. This meant that deep-rooted practises of patronage, corruption, clan loyalty and organised crime that it inherited from centuries past where often only superficially challenged, whilst in many instances they benefitted from the material progress that Communism had brought, and consolidated themselves beneath the light veneer of Marxism-Leninism. The Soviet legacy in the Caucasus was, in that sense at least, more deeply entrenched and had longer-lasting negative effects.

The post-1991 challenge consequently did not just require political and economic reform but also, if not

essentially, societal reform, requiring change in the way that society was organised, and in the people's mind-set. All leaders who held power in the three countries after 1991 had to face this challenge. Three processes came into play almost simultaneously: modernisation, democratisation and globalisation. In all three countries the political leaderships have paid lip service to all three, but in reality they have embraced them only selectively. Progress on all three fronts has been patchy, and this has made the transition beyond the post-Soviet in the South Caucasus much slower than in the Baltic States, Central Europe or the Balkans.

Democratisation

Georgia joined the Council of Europe in 1999, followed by Armenia and Azerbaijan in 2001. In the run-up to that, the three countries pushed forward with a number of important reforms, some of which continue to underpin their institutions. They abolished the death penalty, released political prisoners, took steps to eliminate torture, and held elections that whilst not flawless, were promising. They also became signatories of the European Convention on Human Rights and many other Council of Europe conventions. Up to 2003 the media in Georgia was thriving, and even in Armenia and Azerbaijan a number of independent television channels provided a measure of plurality.

Over the last decade things took a turn for the worse. A democratic deficit, institutional failure and human rights abuses hindered reforms and helped breed a culture of impunity amongst senior officials and enabled corruption to flourish, affecting progress in all spheres. It is still too early to say whether the tide turned in 2012, as a result of what were perceived to be reasonably good parliamentary elections in Armenia and Georgia

and a peaceful, even if bumpy transfer of power through the ballot box in Georgia.

Modernisation

The three current presidents, Serzh Sargsyan in Armenia, Ilham Aliyev in Azerbaijan and Mikheil Saakashvili in Georgia, have made modernisation the hallmark of their policies. The presidents are often seen opening glitzy buildings, and modest scientific achievements are often cited as examples of modernisation.

Modernisation is also often related to technology and all three countries boast of important breakthroughs in areas as diverse as military equipment and medicine. The Azerbaijani president has just issued a decree establishing an Information Technologies University. The image of the leader as a builder was also promoted by the president of Georgia, whose most popular election slogan ahead of the October parliamentary elections was "we will not let them destroy what we have built". The theme of a "developed and modern state" recurs often in President Aliyev's speeches.

Yet the danger is that this 'modernisation' is only a veneer for what remains an essentially unreformed system that away from the glare of publicity quickly reverts to old practises and fails to address more fundamental structural problems. Behind the facades of modern buildings, old Soviet practises persist.

Globalisation

The regained statehood of Armenia, Azerbaijan and Georgia in 1991 coincided with the advent of the mobile phone, the Internet and mass movement of people - a new era of globalisation that affected

practically all societies throughout the world regardless of wealth, geography and political system. In many ways globalisation offered an opportunity for the three countries, together and individually, to fast track their development. By and large they have failed to do so. So far none of the three countries have shown the vision that places like Dubai and Singapore did in the 1970s, despite the fact that both places are often cited as examples that they wish to emulate. For example all three countries could easily have become aviation hubs for flights from Europe to Asia and vice versa. Instead, unfriendly civil aviation and airport practises mean that most world airlines do not even want to fly to the three countries as an end destination, let alone use them as a hub for others. Similarly, protectionist policies have kept away many investors. The single most important investment in the region in the last twenty years was in the oil sector in Azerbaijan. Its success can be attributed to the fact that through statute and practise it was insulated from the usual problems, to the point where it was sometimes referred to as a state within a state. In that sense its success was an exception, rather than the rule.

The unresolved conflicts and a measure of mutual distrust between the three countries made regional projects cumbersome, if not outright impossible. Individually the three countries have remained parochial in their thinking, despite their active foreign policies.

After a wobbly start, the European Union finally has a strategy towards the three countries and the region, one based on offering them a privileged partnership and a commitment to accompany them through their difficult transition. However, for all sides there may be difficult decisions ahead.

STATE OF PLAY

Armenia

Armenia is the smallest and the poorest of the South Caucasus countries.¹ For a while after independence, it posted impressive economic growth and was often referred to as a Caucasian "tiger". However, a lot of the economic activity was related to real estate and the country suffered from the global economic downturn, and especially its effects on Russia. The country remains dependant on Russia in many spheres, including defence and the economy. The government in 2012 went to great lengths to develop its relations with the EU, and Brussels was impressed by the speed with which it implemented a number of measures on the way to signing a Deep and Comprehensive Free Trade Agreement (DCFTA) and an Association Agreement. Armenia remains a troubled country. A recent attempt on the life of a presidential candidate brought back memories of the serious political violence that has left the Armenian political world scarred: the yet-to-be fully explained assassination of a

number of its key political leaders inside the parliament building in October 1999 and the violent suppression of anti-government protests on 1 March 2008.

The May 2012 parliamentary elections returned a pluralistic parliament with all the main opposition forces represented. The government has, however, used its comfortable majority to contain parliamentary oversight. The conflict with Azerbaijan over Karabakh is bleeding Armenia financially and is used by Turkey as a pretext for maintaining a border blockade which costs Armenia a lot of money. But this notwithstanding, Armenia's main problems are of its own making, or rather that of its political elite. There is some hope that after the February presidential elections, Serzh Sargsyan, whose re-election is all but certain, will make important personnel changes to trigger the next set of reforms. But Sargsyan is cautious and conservative by nature. Grand gestures are not his style, and the one that he embarked on at the start of his first term - the opening-up to Turkey - misfired. The only

issue on which he has cards to play, including some to spare, is Karabakh, in the form of Azerbaijani lands that Armenia currently occupies, and a move on this issue may be his best option.

Azerbaijan

Azerbaijan has in a very short time moved from being the most backward of the three republics to being the one with a legitimate claim to being the most advanced. The money flowing in from the export of oil and gas has given the country in general, and its leadership in particular, a self-confidence that was unimaginable in the mid-1990s, when it was struggling to recover from the loss of huge chunks of its territory in its war with Armenia and the reality of having to deal with hundreds of thousands of people displaced by that conflict. Azerbaijan could easily have been described at this point as a failed state. Azerbaijanis at that point were willing to accept that a spell of firm government was necessary. This was provided by Heidar Aliyev on assuming power in 1994, who however also set Azerbaijan on a pro-Western footing, embedded energy projects within Western companies and created enough political space for Azerbaijan to be accepted into the Council of Europe in 2001.

What ensued after his son Ilham took over in 2003 is somewhat perplexing. Rather than accelerating political reform, Ilham Aliyev became the most vocal exponent of the creed: 'modernise first, democratise later'. Modernisation manifests itself in grandiose buildings, a polished new crop of political cadres and diplomats, an emphasis on IT, and recently, sending the first Azerbaijani telecommunications satellite into space: "Who would have thought a few years ago," asked Aliyev, "that Azerbaijan was going to become a spacefaring nation?"² Aliyev also declared 2013 "The Year of information and communication technologies".

The government narrative of a modern, successful, prosperous Azerbaijan is backed up by the revenues from oil and gas that Azerbaijan is now receiving. The narrative is, however, constantly being challenged by activists from a young generation that is much less differential to authority than its predecessors. They accuse the government of gross human rights abuses and massive corruption and of establishing a totalitarian state. Both narratives do not tell the whole story, even if there is an element of truth in both.

All the conditions exist for Azerbaijan to become a modern, developed state, but it is not there yet. Outside the newly constructed boulevards of Baku lays another Azerbaijan that is often forgotten until some popular eruption, as happened in Guba in 2012, or this year in Ismaili. Furthermore, the issue of Nagorno-Karabakh remains unfinished business for Azerbaijan. There is nothing modern in either the discourse or the approach that either Azerbaijan or Armenia are using to achieve

their objectives in this field and it is time for both to rethink their strategy.

Georgia

Georgia's post-communist period has been full of convulsions: civil war, ethnic conflict, a *laissez-faire* government followed by one tightly controlled by a small inner circle around the president, and now, after a long and bitter election campaign, a situation of political co-habitation between a president who is in his final months in power and a government that was swept to victory on the basis of the unpopularity and mistakes of its predecessors, but which has as yet to show its mettle.

The Georgians are fast learners and adaptable, and in the right circumstances have the ability to turn their country into a great success story. A lot of hope is pinned on new Prime Minister Bidzina Ivanishvili and his management and entrepreneurial skills. But Ivanishvili - while astute in many ways - sometimes comes across as a rather clumsy political operator. His choice of government members is controversial and may yet come to haunt him. He has failed to reach out to sectors of society that should be his natural allies. Badly-worded statements, especially on foreign policy, have created unnecessary confusion and questions about Georgia's future direction. However, his attempts to reach out to Russia are commendable.

Georgia remains well placed to take modernisation, democratisation and globalisation together and make a great leap forward. Whilst it does not have the liquidity of Azerbaijan, or the diaspora network support of Armenia, Georgia's geographic location and the talents of its population give it the potential to become the region's stimulus on both the political and economic fronts.

Common Problems

All three countries still face serious problems with the independence of their judiciaries, the operation of the media, and customs and tax policies and practises. The three countries would benefit enormously from very intensive regional co-operation. But this has proved extremely elusive. Quite apart from the fact that Armenia and Azerbaijan remain technically in a state of war with each other, there is a sense of false competition between the three which makes co-operation at best difficult, and in practice almost impossible.

The EU and other players

The EU has upped its game in the region in recent years, partly because the region is the natural next step for EU special engagement, partly due to its increasing economic and geostrategic importance, and partly in response to a desire in the region for a qualitative change to the basis of the relationship. The

EU is the leading partner for the three countries in their quest to modernise, democratise and globalise. All the pieces are now in place should it decide to take a more assertive role. The EU delegations in the three capitals are now well-established and engaged on a range of issues with the host countries; the mandate of the EU Special Representative has been expanded; and the EU has a seat at the table in the Geneva negotiation process on the conflicts in Georgia, on which some progress may be expected, as well as a large monitoring mission whose role can be expanded easily if agreement is reached. The Eastern Partnership Initiative is also a much more attractive instrument for the South Caucasus than the broader 'Neighbourhood Policy' ever was. Of course, the three countries have different agendas in their engagement with the EU and

conditionality on governance will remain an issue for some time, and on this there will no doubt be much discussion and negotiation.

Everything indicates that EU wants deeper engagement. Only a few years ago it was common to hear EU officials whispering that what happens in the South Caucasus "is not really our business". This is no longer the case. However, having lost a number of windows of opportunity over the last two decades, the EU now has to elbow its way through, against some tough resistance from other players such as Russia and Iran, and possibly also Turkey, and in the face of some hesitation on the part of leaderships, especially in Armenia and Azerbaijan, who prefer to keep some areas out of the relationship.

PROSPECTS

By engaging selectively with the processes of democratisation, modernisation and globalisation over the last decade, Armenia, Azerbaijan and Georgia have delayed their own processes of development. Attempts to ignore the complementarity of the three processes, and to prioritise one over the other, have hampered reforms and left the region lagging behind.

There are ten key areas on which the South Caucasus countries need to make progress, and all ten are essential and need to be addressed. They can also constitute the checklist against which the European Union can judge progress in the region.

- Respect for basic freedoms of speech and assembly and zero tolerance of human rights abuses such as torture and extra-judicial killings;
- Promoting and practicing a culture of transparency in all dealings of government and public authorities;
- Prioritising issues related to the independence of the judiciary and developing a clear and transparent road map of how this could be achieved;
- Bringing a swift end to monopolistic tendencies in the economy;
- Intensifying efforts towards economic and social cohesion between the capitals and the regions and towards addressing the needs of vulnerable groups;
- Introducing a charter of citizens' rights which would

ensure the protection of citizens in their dealings with public officials;

- Introducing a sense of accountability on the part of persons holding public office through strong parliamentary oversight and national audit offices outside government control;
- Promoting national dialogue and engaging wider society in the big debates about future challenges;
- Regional Dialogue and Co-operation: the three governments should prepare themselves for regional dialogue and co-operation and if need be develop ways in which this can take place under the umbrella of an international organisation, and;
- Adopting a fresh approach to the resolution of the conflicts based on a readiness to accept compromises in return for lasting peace.

This wish list can easily be dismissed as unrealistic. Yet without embarking on these steps, prospects for modern, democratic and successful states in the South Caucasus will be equally fanciful. It is therefore now time for Armenia, Azerbaijan and Georgia to embrace democratisation, modernisation and globalisation with enthusiasm and together. This also needs to be the European Union's agenda when dealing with the region.

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1. According the International Monetary Fund the nominal GDP of Armenia in 2012 was US\$ 10,551 million (ranked 126), whilst for Georgia it was US\$15,803 million (ranked 113rd) and for Azerbaijan US\$ 71,043 million (ranked 65th).
2. Ilham Aliiev, Address to the Cabinet of Ministers, 15 January 2013.

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