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THE NAGORNO KARABAKH CONFLICT: PROBLEMS AND POSSIBILITIES FOR POLITICAL RESOLUTION

by

JESSICA WILLIAMS

(Under the Direction of Emilia Powell)

ABSTRACT

The argument that democratic states do not go to war with one another, better known by political scientists and international relations theorists as the democratic peace proposition, remains one of the most difficult to dispute phenomena in state's relations with one another. Immanuel Kant argued over two hundred years ago that three components were necessary in order for dyads to behave peacefully toward one another: institutionalized democracy, closely intertwined economies, and international organizations. In this thesis, I analyze a specific dyad, Armenia and Azerbaijan, which in the early 1990s, had a war over the territory of Nagorno Karabakh. A cease-fire was brokered in 1994; however, still in 2009 a political solution is far from being rendered. The thesis will begin with a brief introduction to the Nagorno Karabakh territorial dispute as well as a section on democratic peace literature and theory. In the main chapters, I will discuss each leg of the Kantian tripod for peace and the problems and possibilities in achieving each of these individual requirements in the Karabakh case. The paper will conclude by examining whether Armenia and Azerbaijan have a chance at realizing democracy.

INDEX WORDS: Nagorno Karabakh, Democratic Peace Theory, Territorial Disputes, Armenia, Azerbaijan, Economic Interdependence, IGOs.

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POSSIBILITIES FOR CONFLICT RESOLUTION**

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JESSICA WILLIAMS

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JESSICA RENÉE WILLIAMS

Major Professor: Emilia Powell
Committee: Krista Wiegand
Richard Pacelle

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CHAPTER 1

THE NAGORNO KARABAKH DISPUTE

Since the Soviet Union collapsed in 1991, the fifteen newly independent countries that succeeded it have established political systems varying from extreme authoritarianism to well-established democracies. The three Baltic countries quickly formed democracies while the five Central Asian states have been highly authoritarian, theocratic Islamic countries. Somewhere in the middle (probably a bit closer to authoritarian) are the Caucasus states.¹ In addition to the increased difficulty these states have had democratizing, they also share another common trait: all three states have had serious territorial disputes over areas that want to secede from the states to which they currently belong. Last August, Georgia had a somewhat brief war with Russia over the separatist region of South Ossetia.² Another breakaway region, Abkhazia, also wants to secede from Georgia and become a part of Russia. In Azerbaijan, a separatist region called Nagorno Karabakh has for years had its own de facto government and soon after the Soviet Union fell, war broke out between Armenia and Azerbaijan. It is my contention that in order for an eventual peaceful political solution to take place in the Nagorno Karabakh conflict, both Armenia and Azerbaijan should become institutionalized democracies, and that economic interdependence and international organizations can assist in the process.

Historical Overview of the Nagorno Karabakh Conflict

Nagorno Karabakh is a mountainous enclave located close to the southwestern border of Azerbaijan, where Armenia is located. It has an area of 8,223 square kilometers and its borders are shaped like a kidney bean. Both Armenia and Azerbaijan argue that they have historical

¹ Georgia, while far from being a consolidated democracy, has been more successful at democratizing than Armenia and Azerbaijan.

² The South Ossettians want to secede from Georgia and become reunited with North Ossetia, which, conveniently for Russia, is located above South Ossetia in southern Russia.

claims to the Nagorno Karabakh territory. Armenia claims that Armenians have inhabited this area as far back as the fourth century before Christ.

Various scholars frequently cite different times for the inception of the conflict over Karabakh, which is not surprising given the historical animosity felt between Armenians and Turkish peoples. Most scholars seem to associate the time period around the 1920s as the beginning of the political conflict over Nagorno Karabakh. Originally, Armenians were made to believe that they would be granted this land, with Soviet Azerbaijan, in December 1920, caving into Soviet pressure and issuing a statement that the territory had been transferred over to Armenia. Azerbaijan's leader Narimanov, later denied that this transfer had taken place, and four months later Stalin declared that the territory would remain with Azerbaijan. This was because a treaty provision between the Soviet Union and Turkey mandated that both Nagorno Karabakh and Nakhjivan, a region of mostly Azeris completely separated from Azerbaijan in Southern Armenia, would belong to Azerbaijan. Interestingly, on July 4, 1921 a meeting of the Caucasus section of the communist party voted in the presence of Stalin to give the territory to Armenia, but the following day, Narimanov again protested the decision and it was reversed (Cornell 1999). Armenians were unhappy with this decision and attempts were made throughout the Soviet era to have Nagorno Karabakh turned over to Armenia.

In the late 1980s the conflict between Armenia and Azerbaijan became intense, with Mikhail Gorbachev's policy of glasnost essentially pouring gasoline on a situation that had already been ready to explode for decades. Widespread demonstrations and protests had begun to occur, and many Armenians were under the impression that Gorbachev would finally turn over Nagorno Karabakh to Armenia. One of Gorbachev's economic advisors had even reported in a French newspaper that the Nagorno Karabakh Autonomous Oblast (NKAO) would be

transferred over to Armenia in the near future.³ This transfer never took place, however, with Gorbachev believing in the sovereignty of borders.

On February 26, 1988, rumors began to spread that riots in Stepanakert (the capital of Nagorno Karabakh) had led to the death of an Azeri. As a result, a crowd of Azeris began to march on Nagorno Karabakh, marching in columns to the bordering town of Askeran. Violence erupted with the crowd, leaving two Azeris dead. Upon hearing of the Azeri deaths, violence broke out in Sumgait, an industrial suburb in Baku. An angry group of Azeris looted and burned Armenian houses and hunted for Armenians, killing 32 people (26 Armenians and 6 Azeris).

After the Soviet Union collapsed in 1991, full-blown war erupted between Armenians and Azeris. Armenians began conquering Azeri towns and running out all of their inhabitants. On February 27, 1992, Armenian forces seized the town of Khojaly. Ethnic cleansing took place in Khojaly, with a large number of its 7,000 citizens being mutilated and killed. Those who were not killed became refugees (Cornell 1999).

A number of pogroms continued to take place up until 1994 when Russia mediated a cease-fire agreement between Armenia and Azerbaijan. At this point, the explosive violence subsided; however, 15 years after the cease-fire was declared, a political solution to the conflict has yet to be found. Armenia still controls seven additional districts in Azerbaijan, including an area called the Lachin Corridor, a stretch of land connecting Nagorno Karabakh to Armenia. The war has taken over 30,000 lives and led to over 1,000,000 refugees losing their homes.

One of the most debilitating factors in resolving the crisis has been leadership in both

³Nagorno Karabakh, during Soviet rule, was considered an “Autonomous Oblast.” The Soviet Union created administrative units for some of the smaller states, which were granted autonomy. After the Soviet Union collapsed, Azerbaijan removed Nagorno Karabakh’s autonomous status. South Ossetia, in Georgia, was also given autonomous status by the Soviets.

countries that have been unwilling to truly consider a compromise. At one point, Nagorno Karabakh was given every benefit of a sovereign state except this title of ownership, but Armenia would not consent. On October 15, 2008, Azerbaijan “reelected” Ilham Aliev to the presidency. In the years since Aliev has been president, he has been unwavering in his commitment to retain sovereignty over Karabakh, and running for president, he promised the Azerbaijani people that he would never recognize an independent Nagorno Karabakh. During his inauguration on October 24, he said “Karabakh will never be independent. Azerbaijan will never recognize it. Neither in five years, nor in 10, 20 years Never” (Fuller 2008). The recent election of Armenian president Serzh Sarkisian, however, is perhaps the most promising hope of resolving the conflict thus far. Despite Aliev’s remarks, new talks have begun between Sarkisian and Aliev. Sarkisian has shown openness in the past month to a deal based on the “Madrid Principles,” which were presented in 2006 by Minsk Group co-chairmen France, Russia, and the United States. Many parties within the Armenian government are furious with Sarkisian over the consideration of this compromise, but if it is agreed upon, Armenians would withdraw from the seven territories that they control, as well as the Lachin corridor, which provides a trade route from Armenia to Nagorno Karabakh. In addition, international peacekeepers would be brought in and internationally displaced persons would be free to return to their homes.

Current Theory and Literature on the Democratic Peace

Over 200 years ago, Immanuel Kant proposed the idea that countries with institutionalized democracies have peaceful relationships with other democracies and are generally much less likely to go to war than non-democratic countries. Kant’s proposition for how to eliminate conflict between states encompassed three principles: 1) democratization, 2) Economic interdependence, and 3) International Organizations. Since this concept originated,

the democratic peace has become one of the most frequently debated theories in International Relations. Scholars claim that the democratic peace is the closest we have come to realizing an empirical truth in how states behave toward other states, at least in the twentieth century.

John Oneal and Bruce Russett (2001) have conducted numerous studies examining the validity of the democratic peace proposition. They find strong support in their analyses that democratic countries are less likely to engage in violent behavior with other states. Even after controlling for economic interdependence and involvement in the same international governmental organizations, the authors found that democracies are 33 percent less likely to engage in a militarized dispute than the average dyad. They also found that if both states in a dyad are democratic, the likelihood of a fatal dispute is 86 percent less than if at least one of the states is an autocracy.

Dixon (1993) also finds that democracy has a systematic positive impact on conflict management. He argues that the democratic peace works because states have mutually held beliefs of bounded competition. Dixon and Senese (2002) argue that adherence to norms allows states in a conflict to communicate effectively so that minimal consideration of a dispute settlement can become possible. Disputes between democratic states are more likely to result in some type of procedural accommodation than between states that operate under different normative guidelines. The result of shared norms will be that states will be more likely to negotiate and come to a mutually agreeable solution.

Like Oneal, Russett, and Dixon's studies, Werner (2000) also finds evidence to support democratic peace. While democratic peace theory holds that democratic states are less likely to go to war than non-democratic states, Werner concludes that in dyads consisting of two different types of regimes, the chances of conflict will be much higher. Werner's hypothesis may be

related to normative theory as well. She claims that states that manage their domestic affairs differently are more likely to have disagreements than states that manage their affairs in a similar way. Werner runs several models in which she finds robust support that politically similar states are less likely to have conflicts with one another. Her results are statistically significant, with p typically being at the .001 level. Increasing the degree of political similarity from the minimum observed to the maximum observed increases the expected duration of peace by as much as 130 years.

Her analysis also developed a variety of other conclusions worth noting. Like other studies that provide evidence for democratic peace, Werner found that two democracies will probably have up to 64 more years of peace than other combinations of dyads. She came to the same conclusions as many other scholars that geographically distant states are more likely to be peaceful toward one another than contiguous states. She also found that states with a history of conflict were much more likely to experience a future dispute than a state without a conflictive past. If the rate of past disputes increases to one dispute every three years, the duration of peace will be 33 years shorter. She also finds that distribution of power in a dyad is unrelated to the chances of conflict (Werner 2000).

Oneal and Russett (1997) show similar findings. Their results reveal that political distance between two states in a dyad causes more conflict than a dyad in which the two states are politically similar. Oneal and Russett did a logistic regression analysis that found that the likelihood of a dispute between the two democracies, all else being equal, is .071, whereas it is .137 for a democracy combined with an autocracy.

Work has also been done on regime type and the effect that a change in the type of regime would have on conflict between states. Enterline (1998) looks at three regime types

between 1816-1992- democratic, anocratic, and autocratic- and tests the likelihood that states transitioning to these regimes will be the initiators of militarized disputes. He found that a state transitioning to democracy had no effect on its chances of being the initiator of a militarized dispute. States transitioning to autocracies, however, had a much higher probability that they would initiate disputes. Enterline found that states transitioning to autocracy had a 24 percent higher probability of threatening, displaying, or using military force against another state.

Oneal and Russett (2003) report similar results as those of Enterline. These authors find that democratization quickly reduces the risk that conflict will arise between states. Well established democracies are less likely to enter into conflict than newly formed democracies, (established democracies have a probability of conflict at .0012) but even new democracies have a much lower risk of conflict than non-democracies; Oneal and Russett claim, however, that it only takes seven years of democratic governance to achieve the same reduction of conflict that is enjoyed by a pair of fully formed democratic states.

Democratization is often proscribed as a remedy for preventing conflict because, as Dixon suggests, it can result in the development of shared norms, one of which is that states attempt every mode of settling a dispute possible before resorting to violence. Mitchell (2002) argues that as more democracies are formed, international norms will develop, and third party conflict resolution will become more likely. Third party settlement is 16 times more likely for non-democracies when the proportion of democracies in the international system is 50% than when the proportion is zero.

Mitchell (1999) examines the relationship between regime type, issues at stake, and the likelihood of militarized dispute between 1946-1992. Her analysis reveals that established democracies are able to eliminate territorial disputes as contentious issues with other well-

established democracies. One-third of ninety-seven cases Mitchell looked at (coming from the Militarized Interstates Dispute dataset) were coded as territorial disputes. Of these disputes, only two were fought between institutionalized democracies. She also found, however, that poorly established democracies were more likely to have militarized disputes over territory. Forty-two percent of these disputes involved less established democracies. Like Mitchell, Mousseau (2000) also found robust results that the more developed a democracy is, the lower the probability of conflict.

Economic Interdependence

In addition to democratization, liberal theorists argue that economic interdependence between states will help minimize international conflict. Gartzke, Li, and Boehmer (2001) did a large study in which they found that interdependence has a positive impact on conflict. These authors argue that interdependence enables states to demonstrate resolve without having to resort to military violence. Liberal states, they argue, are more able to address the informational problems that result in costly contests. This is because they are able to communicate credibly through costly signals without using violent forms of conflict. Signals through economic interdependence cause states to be less likely to address problems violently.

Mousseau (2000) reports a link between market prosperity and conflict reduction. Mousseau's hypothesis that wealthier states would be less conflict prone was largely based on the notion of *cultural materialism*, (Murphy and Margolis 1995) that even states that have very little in common yet share common economic systems will share the same norms as other developed states such as the U.S. and other Western states.

Oneal and Russett (1997) also found robust support for their prediction that interdependence would result in lower instances of conflict. All of their tests, even when

controlling for geographical contiguity, balance of power, alliances, and economic growth rates showed that economically important trade caused lower instances of militarized disputes and war.

Mansfield and Pevehouse (2000) formed an argument based on what they call Preferential Trading Arrangements (PTA's), a broad class of institutions that include free trade, common markets, and custom unions. Their research reveals that states that belong to the same PTA's are much less likely to enter into a dispute than states that do not have this trade relationship. Mansfield and Pevehouse found that for states not belonging to the same PTA, there was only a weak relationship between trade and disputes. For those who were in the same PTA, these states were much less prone to enter into disputes, an effect that grows larger as the flow of trade becomes greater. Therefore, in their analysis, it is not so much that *any* form of trade between states causes peace but rather that the states belong to a larger system of trade.

International Organizations

The third area that is supposed to prevent conflict from occurring between states is the influence of international organizations. Russett, Oneal, and Davis (1998) support this theory. In an analysis of dyads between 1950-1985, they found that increasing the number of shared intergovernmental organizations by a standard deviation reduces the incidence of militarized conflict by 23 percent from the baseline rate for the typical dyad. Interestingly, they found that there were very strong advantages to states combining Kantian variables of economic interdependence, Democracy, and membership of the same IGO's. States that meet all three of these criteria have their likelihood of engaging in a dispute decreased by 72 percent. There is also a reciprocal benefit that democratic and economically interdependent states were more likely to join the same IGO's.

Not only has research been done showing that belonging to the same international organizations decreases the likelihood of conflict, Mitchell and Hensel (2002) found that it also increases the likelihood that states will comply with agreements once they are made. They found that virtually every agreement reached with the assistance of an international organization was carried out by both parties. Only two-thirds of agreements made without the help of an IO are complied with, however. The authors found that when both parties are members of at least one global organization such as the UN or the League of Nations, they were much more likely to comply with their agreements with three quarters of these agreements being carried out as opposed to two-thirds when they are not members of a global organization. Involvement in the same regional organizations also causes states to be more likely to uphold their agreements ($p < .005$).

The overarching argument of this paper is that the three components of the Kantian tripod of democratic peace (democracy, economic interdependence, and international organizations) are the most promising strategy by which a peaceful political solution to the Nagorno Karabakh conflict can be achieved; institutionalized democracy may, in fact, be the *only* way to ever come to an agreement that will not reignite another war. In this paper I will provide support, based on previous empirical research, for how each of the three legs of the Kantian tripod can have a positive impact on peaceful political resolution between the disputants. From here, I will analyze the ways in which these elements of democratic peace can be achieved and the internal and external problems that will work against the democratic peace being built in Armenia and Azerbaijan.

International relations theories may provide some explanations for the possibility of eventual democratization and peaceful political resolution of the territorial dispute. Democracy

could be effective in pushing Armenia and Azerbaijan toward a political solution because democracies tend to accept norms seen as democratic. These norms include an emphasis on the need to settle disputes with other states and to do so peacefully, as well as the imperative that human rights always be protected. Democracy usually is accompanied with benefits such as greater international acceptance, economic advantages, an acquired reputation that will lead to greater acceptance into international organizations, multilateral treaty agreements, etc.

Rational choice theory may explain the reasons that democratic peace is so successful, and why, if Armenia and Azerbaijan become democratic, they will be less likely to fight again and more likely to work out a compromise. Rational choice theory suggests that states are rational actors that make choices based on perceived costs and benefits. If rational choice theory is accurate, it becomes much easier to understand why democratic states are more peaceful and cooperative with one another. Democratic states may be said to belong to a club in which its members are entitled to certain benefits. Of course, to be part of any club one must conform to certain beliefs and behaviors, but there is some type of reward received in return. In the case of democracy, the rewards are extensive and include the wide array of economic, international, and security benefits previously mentioned. To fail to conform to the rules of the club means losing one's standing, if not being kicked out altogether. The costs of not complying with the groups' norms is extremely high, whereas the advantages of upholding the norms are worthwhile. If Armenia and Azerbaijan can ever form institutionalized democracies, it would be in their direct interest to make a real effort to solve the Nagorno Karabakh dispute, since consequences for not doing so would be extremely high and rewards for doing so would be significant.

Achieving democracy means Armenia and Azerbaijan must *first* develop norms associated with democracy. This will be a major hurdle since it would require identity shifts in

both countries. A change in identity and thus norms cannot happen under the corrupt leadership that is currently in place. From a realist point of view, the leadership in both countries will likely try to prevent democracy in order to retain the power that they already have, since democratization means elected officials will not have permanent and unrestricted power. However, it is also important that amassing the many benefits that would come with democratization would mean that states themselves would become more powerful within the international system.

I will pose the argument that the best way for Armenia to Azerbaijan to come to a political solution to the Nagorno Karabakh problem is for both states to move toward institutionalized democracies. A quicker solution will be made if countries in the surrounding region also become more democratic and if the countries that already are democratic (Turkey and Georgia) forge closer relationships with the two disputing states with the goal of influencing norms. I also argue that democratization creates a higher probability that the disputing parties will seek legal dispute settlement methods, and if this occurs, they have a high chance of accepting the legal bodies' decision.

It is also necessary for Armenia and Azerbaijan to become interdependent with one another as well as with their nearby region in order to come to a settlement at some point. Opening up a broader range of trade relationships with a greater number of states in the region will help counterbalance Russian influence and will help both countries create common alliances that will help to smooth over relations. I argue that Turkey, as well as Azerbaijan, will need to remove their trade embargoes on Armenia.

Last, international organizations will need to play a role in fostering both economic and democratic development, as well as being a liaison that will use its influence to promote

cooperation between countries in the region. The Organization for Security and Cooperation in Europe (OSCE), the primary organization at this point mediating the Nagorno Karabakh dispute, must step up its efforts at pushing democratization in Armenia and Azerbaijan, as well as throughout the region. The European Union is also a needed tool in the process of moving toward a resolution since it, too, can push for democratization. More important, however, the EU can use accession to its organization as leverage to persuade Turkey to reopen trade relations with Armenia, acknowledge the Armenian genocide, and to become a fair mediator in the dispute. Turkey, as a democracy itself, can have a major influence on the disputants' political systems if it attempts to smooth over its relations with Armenia. I argue that economic regional interdependence and increased democratization will both result in higher costs for the disputing parties if they fail to make real and genuine efforts to find a political solution to their conflict.

Furthermore, Armenia and Azerbaijan will be more likely to come to a viable solution if they both are active members of the same international organizations that make democratization, economic interdependence, and peaceful resolution of dispute major objectives. I pose that like democracy and economic interdependence, belonging to similar IGOs with these objectives will enforce norms that encourage settling disputes and doing so peacefully.

I expect that previous research will provide empirical evidence to support the idea that democracy is the best option in bringing about an eventual settlement of the Nagorno Karabakh conflict and the best method for ensuring that the two states do not resort to war after an agreement is made. I also hypothesize that studies will show economic interdependence as having a strong impact on peaceful dispute resolution and that international organizations will play a powerful role in pushing democracy and interdependence, as well as peaceful dispute resolution. All of these components will establish regional norms of peaceful conflict resolution.

CHAPTER 2

DEMOCRATIZATION: THE FIRST STEP ON THE PATH TO POLITICAL RESOLUTION

A number of attempts have been made to formulate an acceptable political solution to the Nagorno Karabakh problem, but thus far none of the solutions that have been developed have been accepted by both parties involved in the dispute. One proposal that has been suggested for a political solution to the conflict is the idea of a territorial exchange between Armenia and Azerbaijan. Azerbaijan could cede Nagorno Karabakh to Armenia and, in return Armenia could give Azerbaijan an area known as Zanzezur, which is located in southernmost part of Armenia. As discussed in the historical section of chapter one, Nakhjivan belongs to Azerbaijan, but is located in southern Armenia, completely separate from Azerbaijan. Zanzezur is a strip of land connecting Nakhjivan and Azerbaijan, but belongs to Armenia. On the surface, this might seem to be a valuable solution to both parties involved, but Armenia has refused to consider this option, and for understandable reasons. Since Nakhjivan and Zanzezur combined make up Armenia's entire southern border, ceding Zanzezur would cut off Armenia from its second best ally, Iran. Armenia's economic situation is already vulnerable since Azerbaijan and Turkey both cut off economic ties with Armenia. To give up a strong the strong alliance it has with Iran would seriously damage its economy. In addition, Armenia and Nagorno Karabakh citizens do not limit their demands to the Karabakh territory itself, but refuse to accept any deal that does not include the Lachin corridor, a stretch of land that connects Armenia to Nagorno Karabakh. The Nagorno Karabakh region alone, given that it is already probably more than twice the size of Nakhjivan, would mean that Azerbaijan would be making a larger concession than Armenia. A trade that included the Lachin corridor as well would be unthinkable. Not surprisingly, while Azerbaijan has been open to the basic territorial swap of Nagorno Karabakh for Nakhjivan, it

will not even consider giving up the Lachin corridor as well⁴ (Cornell 1999).

John Maresca (1994) has formulated a proposal that would call for joint sovereignty over Nagorno Karabakh. His plan calls for Nagorno Karabakh being renamed the Republic of Nagorno Karabakh, which would have its own government and legal system and would be “freely associated with Azerbaijan.” All displaced persons would be able to return to their homes and Armenia and Azerbaijan would both be designated as free trade areas, with both states agreeing upon mutual transit rights between the two countries. Last, the United States, OSCE, and UN Security Council would invest in reconstruction of the corridors connecting Nagorno Karabakh to Armenia and Nakhjivan to Azerbaijan. Cornell (1999) claims that this plan is unlikely and even potentially dangerous because, while Armenia and Azerbaijan could be forced to comply with the arrangement, it is likely that violence would become renewed. In order for this plan to be successful, the two countries must have strong, healthy relations with one another, since mutual trust is mandatory. Today, the level of trust necessary to resort to a plan like this is still not even close to being realized. However, if both states democratized, slowly began opening up trade and diplomatic relations, and international organizations became involved helping them do so, *eventually* this might be a realistic plan. Both countries have a long way to go before a progressive plan like this will be feasible.

More broadly, there has been debate over whether to come to political settlement by looking at a package deal or using a step-by-step approach. A package deal would call for an immediate solution to be agreed upon, whereas a step-by-step approach would call for parties to

⁴ Nakhjivan is a homogeneously Azerbaijani populated area and has never been a disputed territory. Thus Azerbaijan will not give up this territory (Cornell 1999). Furthermore, strategically, the Lachin corridor has assisted Armenia in providing military aid and weapons to Nagorno Karabakh, which would be legitimate reason for Azerbaijan to be hesitant about giving over legal rights to the territory to Armenia.

agree upon incremental steps that would in the end result in some type of political solution (which would not be determined at the beginning of the step-by-step process). The question over which of these two formulas for resolution will be used has, more than anything else, enabled both Azerbaijan and Armenia to stall the mediation process. In regards to whether to use a package or step-by-step approach, as well as other specific plans, Armenia and Azerbaijan have pretended to be interested in various resolutions, but in reality all of their “attempts” have been insincere. The most promising way for this behavior to end and a genuine effort at settlement to occur is for democratization to take place.

Perhaps the most significant reason that democratization would be advantageous to Armenia and Azerbaijan is that it will help the parties mold their own behavior to norms that have been embraced by other democratic states. Among these democratic norms is the belief that democracies are able to settle their differences peacefully as well as the idea of respect for human rights. When coming to a political solution to the Nagorno Karabakh conflict, it is essential that the agreement does not result in the war between the disputing parties being reignited. Dixon and Senese (2002) reported evidence to support the democratic peace theory works because democratic parties have mutually held beliefs of bounded competition. They find that states perceive it as a norm to cooperate with one another rather than attack. If norms develop within the disputing parties’ states that cause Armenia and Azerbaijan to feel intense pressure to conform to perceived democratic principles, the chances that these countries will choose to find a peaceful political solution that results in the approximately 800,000 refugees that have lost their homes being able to return will increase dramatically.

Currently, Armenia and Azerbaijan are attempting (in the mildest sense of the word) to arrive at a political solution to the Nagorno Karabakh conflict through the mediating efforts of

the Organization for Security and Cooperation in Europe (OSCE). Another benefit of democratization is that there is a much greater chance that both Armenia and Azerbaijan will choose to move away from informal methods of conflict resolution and opt to take the Nagorno Karabakh dispute to adjudication.

Adjudication would be beneficial to both states' presidents, enabling them to resolve the conflict but, at the same time, protect themselves from the public scorn they would undergo if the governments agreed on a solution that was not the desired outcome. Huth and Allee (2006) pose a "political cover" argument in which they provide very strong support for the hypothesis that democratic leaders are much more likely than leaders that are not democratic to solve disputes through legal means of dispute resolution. They find that when disputants are both democratic and face strong domestic opposition, and when the dispute is salient to domestic audiences, legal dispute resolution is more likely. All of their variables relating to political cover were statistically significant at either the .01 or .05 levels.

Their results here are highly relevant in the cases of Armenia and Azerbaijan. Both presidents face an enormous amount of pressure from citizens to solve the Nagorno Karabakh conflict in their favor and are mostly unwilling to compromise. The fact that the Nagorno Karabakh dispute is based on a centuries old ethnic claim to territory makes the dispute extremely salient. If Huth and Allee's (2006) findings are accurate, Armenia and Azerbaijan would be strong candidates for states that will seek Adjudication or Arbitration if they become democratic. Also, currently in Azerbaijan, there is no reason for Aliev to try to solve the Nagorno Karabakh issue since the country is effectively a monarchy with illegitimate elections. Aliev will be re-elected regardless of whether the conflict is solved, and up to this point, preserving the status quo has served him well. If a democratic system is put into place, a leader

might feel more comfortable using legal methods of dispute resolution, especially if this leader is in his or her last term in office and can save face by having a supposedly unbiased court judge the dispute.

It is also possible that rather than using the legal dispute method of adjudication, Armenia and Azerbaijan might choose arbitration. Arbitration might be more desirable for leaders of Armenia and Azerbaijan because of the salience of the dispute to both sides. Both disputants strongly wish to win and arbitration would have the benefit of enabling them to select an arbitrator to represent them. In their cases, both countries would likely ask their greatest allies to arbitrate, which would be Turkey on Azerbaijan's side and Iran on Armenia's side.

The United States would probably be the likely choice for the third arbitrator by both disputants. The U.S. is the only state playing a role in the dispute that has not taken a clear position strictly for one party or the other. Due to the very powerful Armenian lobby in Congress, the United States legislature has taken a strong pro-Armenian position; in the Freedom Support Act, Congress passed bill 907, which prevented aid from going into Azerbaijan. Despite the United States Congress' position, the executive branch has taken the opposite stance, more than likely because of the oil found in Azerbaijan, which is located in the Caspian Sea. The executive branch's tilt toward Azerbaijan may be even stronger than it was in the 1990s because of the new importance that is being placed on finding sources of energy without relying on the Middle East. In arguing why the United States did not go into Iraq for oil-related reasons, Roy (2008) notes that the only time in which the United States politically intervened in the oil sphere was in the Baku-Tbilisi-Ceyhan pipeline (which detours Russia and Iran). The goal, he claims, was to help make the oil market more fluid (18). Bill Clinton made repeated efforts during his administration to have Congress overturn its bill against Azerbaijan, but only minor

changes have ever been made. George Bush has had Heydar Aliiev as a guest at the White House.

Because of the double-edged stance of the United States government, the disputing parties might feel that they have the best chance of winning through arbitration in which the U.S. is the third mediator. This might still be a stretch since disputants like to think they have more than a chance of winning, but in a highly fragile political stalemate that desperately needs to be resolved, a fairly good chance of a positive outcome is much more promising than a very possible negative one. Democratization may also enforce norms that push Armenia and Azerbaijan to try to make real attempts to solve the Nagorno Karabakh issue. Raymond's (1994) research provides strong support for his theory that extremely war-prone and democratic dyads are much more likely to resort to arbitration as their mechanism for dispute settlement. Raymond found that when democratic dyads between 1820-1965 referred a dispute to a third party, they tended to go with binding third-party mediation. He also found that rough parity in military capabilities usually results in the dispute going to binding arbitration, which applies to the dispute over Nagorno Karabakh since there is a major power imbalance between Armenia and Azerbaijan. Hensel (2001), Allee and Huth (2006), Simmons (1999), and Powell and Wiegand (2009) also argue that legal dispute resolution is more likely when there is power parity.

Some political scientists make the argument that states are more likely to find a solution to a dispute immediately following or during a serious militarized dispute, especially if it results in a large loss of lives or a state knows it will not win a dispute. Maresca (1996) takes the position that much greater efforts needed to be made during or right after the war over Nagorno Karabakh, but the ripeness of the conflict was not taken advantage of by those mediating.

Although some scholars would argue that solutions are most likely during or right after a dispute, it is unlikely that a political solution would result if violence was ever renewed. Moreover, renewed conflict could have severe negative consequences. The previous violent conflict that ended in 1994 led a very large number of Azeris to flee to neighboring Iran, causing fear on the part of Iranians on account of such a large number of secular Muslims inhabiting their territory. Reignited conflict could lead to extremely hostile relations between Iran and Azerbaijan if another wave of secular Muslims fled to Iran.

Other factors may be important in choosing to move toward democracy. It is critical, for example, that both disputing states transform into democracies, since a dyad consisting of one democracy and one autocracy has a much higher likelihood of war. Oneal and Russett (1997) found that the probability of conflict for a contiguous dyad consisting of two autocracies is .071 whereas the probability for conflict in a dyad consisting of a democratic and autocratic state is .137. Based on these results, the disputing parties would be less likely to enter into conflict in their present situation than if one country democratizes and the other does not. If an imbalance such as this did take place with only one country becoming democratic, it is likely that the democratic country would come out successfully. However, given the volatile region surrounding Armenia and Azerbaijan, this is an undesirable option.

Russia and the Prospects for Democratization

Russian interference could pose a major obstacle to democratization in Armenia and Azerbaijan. This is particularly the case in Armenia where Russia has a high degree of leverage it can use against Armenia due to Armenia's economic dependence on Russia. Despite Azerbaijan currently being more authoritarian than Armenia, democratization might be easier since it consistently makes decisions independent of Russian influence and because it has very

friendly relations with western democratic powers. If democratization does come about, which is only possible with economic growth and interdependence and strong efforts by international organizations, Armenian and Azerbaijan may be able to disentangle themselves from excessive Russian influence, which makes democracy, and therefore a peaceful political solution much more likely.

During the course of the Nagorno Karabakh conflict, Russia was only interested in a solution to the conflict if it brokered the resolution. Efforts made by the CSCE were repeatedly impeded by Russia. Maresca (1996) claims that it became clear to the CSCE that “it was Russia’s deliberate intention not to cooperate, thus to ensure that its own proposal would be understood by the parties to be the only game in town, and ultimately supplant the negotiating process.” Beyond undermining attempts at conflict resolution, Nolyain (1994) argues that the Soviet Union consciously initiated the dispute. He claims that in during the Sumgait massacre, in which 32 people were killed, a massive Soviet militia was present and heavily armed, but made no effort at all to suppress the massacre. Russian military simply stood by and watched the pogrom take place. He also states that the Soviet Union provide addresses to the houses in which Armenians lived and that afterward the Soviet Union intentionally used the media as a method of manipulating the Sumgait massacre to its own ends.

Furthermore, in the time since the 1994 cease-fire, Russia could have made attempts to help Armenia and Azerbaijan come to a political solution to the Nagorno Karabakh problem, but has not tried to do so, probably because an ongoing problem plays into its desire to have a presence in the region. Ironically, immediately following Russia’s war with Georgia in August 2008 (which in itself shows that peace is low in the Russian agenda) it suddenly began making attempts to help mediate a political solution to the conflict. To no surprise, the plan being

discussed now would call for a major peacekeeping effort to which Russia would assume the primary role. Azerbaijan, which has adamantly refused any Russian presence in its territory since its independence, would for the first time have Russians on its land (RFE citation).

Russia's past and present behavior proves that it is more a threat to both democratization and political solution than an asset. Even if Russia was to negotiate a political solution that resulted in peace between Azerbaijan, Armenia, and the Nagorno Karabakh people, the current issue of territorial sovereignty could likely shift to an even larger one between Azerbaijan and Russia, which would create a dangerous situation with neighboring Iran.

Preventing any Russian influence in the countries nearby would be altogether impossible, and a workable solution would be very difficult without any Russian support. However, if Armenia and Azerbaijan both grow economically (without there being disproportionate wealth) and international organizations begin to play a much greater role, Russian influence could at least be counterbalanced, making democratization possible. Nevertheless, it is very clear that the greatest feat that the disputing parties will have to overcome in order to democratize and find a political solution is the northern giant, which will no doubt do everything in its power to retain control of the Southern Caucasus.

Internal Obstacles and Prospects for Democratization

Both Armenia and Azerbaijan have significant hurdles they must overcome before real democratization will occur. One might think that Azerbaijan has a lower chance than Armenia at a shift to democracy; it should not be underestimated the obstacles Armenia will have to overcome before change will take place. A number of factors currently prevent Armenia from democratizing.

Corruption plays an enormous role in the Armenian political climate. After the 1994

cease-fire the Armenian National Movement (ANM), which was the ruling party, tried to secure its own power in order to cash in on personal power and wealth at the expense of the Armenian people (Welt and Bremmer 1997). Freire and Simão (2007, 3) say that leaders used “shock therapy” measures that allowed a ruling minority to hold most of the wealth, which led to social polarization and widespread corruption.

These authors also note shortcomings in the construction of the constitution and the judiciary system. Armenia’s 1995 constitution calls for excessive centralization, which gives the president wide ranging powers, including the ability to declare a state of emergency or terminate individual freedoms. He can dissolve Armenia’s unicameral national assembly, and can freely appoint and remove government ministers, judges, and state prosecutors. A 1996 law also gave the president the power to appoint governors (Welt and Bremmer 1997). Freire and Simão (2007) suggest that a major impediment to democratization is that Armenia has a very politicized judiciary. For example, they say that a serious incident occurred in 1999 in which Vezgen Sarkisian and other politicians (including a presidential candidate) were shot by a gunman who entered the parliamentary building. Recently an attempt was made to assassinate the mayor of Yerevan as well. Neither these acts nor other political crimes were ever brought to the judicial system. This also likely speaks of political elites exercising control over law enforcement as well. The authors go on to claim that in a 2004 Armenian survey, only 12% of people thought that political power did not play a role in the judiciary. All of these factors will have an effect on whether Armenians deem their government to be legitimate.

Geographic and cultural features of Armenia itself work against democracy. Sahakyan and Atanesyan (2006) say that a large number of Armenians live in its capital, Yerevan, but the remainder of the population is spread out in very rural towns of which people’s identities are

constructed by the clans or tribes to which they belong. Citizens of these rural villages do not take into account issues, political parties, or frequently, even the level of education candidates have when deciding who they will vote for in elections. Rather, they talk to people from their village and select a person they think is deserving of respect. Family relations also play a major role in elections. A person who votes against his or her own relative is seen as dishonoring the entire community. Violence, which is supported by police and governors, is also often used as a means of getting candidates elected.

Armenians also suffer from a lack of trust of any major ideology that is pushed upon them. In their minds, the Soviet Union forced the Communist ideology upon them to make Armenians yield to Soviet interests and now they feel that another ideology, democracy, is being forced upon them. Sahakyan and Atanesyan argue that Armenians are suspicious of “big ideas” promoted from outsiders; this is particularly true of democracy since those who support it do so because they claim that human rights will be upheld in a democracy, yet Armenians have not seen defense for human rights since their country “democratized.” Even in 2008, the country is still rife with violations of trafficking women and girls for sexual exploitation and men and boys for forced labor. This is also a prevalent issue in Azerbaijan. Both countries have failed to make an attempt to find or jail these offenders (CIA World Fact book, 2008).

The greatest challenge to real democratization in Azerbaijan is forging a new and democratic system out of a current one that is highly authoritarian. Heydar Aliiev was accepted as president of Azerbaijan, despite his authoritarian style, because Azerbaijanis wanted stability over democracy (particularly in the aftermath of the Nagorno Karabakh conflict). Aliiev was able to provide this stability. In addition, he was credited with strengthening a severely devastated economy by attracting oil companies to the country, improving Azerbaijan’s standing in the

international community, and creating the foundation for a modern army (Cornell 2001). Corruption, as with Armenia, plays a prominent role in the political system. One of Azerbaijan's biggest obstacles is creating a free and fair system of electing presidents and parliamentarians. As mentioned previously, Heydar Aliev's son, Ilham is now president, largely based on the god-like status his father has come to hold among citizens. Although the election of Ilham was massively rigged and his father deliberately made successful efforts to change the constitution to help him become elected, it remains widely accepted that he would have won anyway, albeit to slightly lesser margin. Azerbaijan's 2005 elections included violence against opposition figures, blackmail, and arrests. Races were fixed in 111 of 125 voting districts and were cancelled altogether in ten (Valiyev 2006). The recent election of Ilham Aliev to his second five-year term this year was, not surprisingly, also deemed fraudulent from the perspective of election officials and international organizations overseeing the election.

Given the current political climate of Azerbaijan, it will be a difficult task to successfully establish democratic norms either in the government or with the people. The extensive benefits of wealth and power those in the government are accustomed to will make it very difficult to create a path to democracy. While acknowledging the difficult task ahead, Azerbaijan may have several advantages that place them at greater odds for democratization than Armenia has.

First, Ilham Aliev has recently began his final term as president, so in five years a new election will take place. This gives international organizations a great opportunity to step up efforts at working with Azerbaijan in formulating norms. It is highly possible that Ilham Aliev will do as his father and try to pass his power down to someone else in his own family, especially since several other family members have positions in the parliament; however, the next five years is the time to prevent a permanent monarchical style ruling system to take shape. If

another Aliev takes office in the next election, this pattern may not be alterable.

Also, an advantage Azerbaijan may have of democratizing is that it has had a relatively recent attempt at democratization. During the early 1990s, Albufaz Elcibey became president of Azerbaijan in the only democratic election the country has had. Elcibey originally came to power through a coup d'état, but wanted to move the country to a democratic system, and held democratic elections where he was elected by a margin of 60%. He immediately worked to free up the media in Azerbaijan and create an environment in which political parties could develop and candidates for parliament could get their messages out. Perhaps a major mistake on his part is that, in his attempts to have highly democratic elections, the communist government was left in place. Dissatisfaction with the Nagorno Karabakh crisis, severe economic problems, and Russian and Iranian hostility caused him to be driven out, at which time Heydar Aliev came to power. The movement toward democracy that was made during Elcibey's short-lived rule shows that public support for it did exist in among Azerbaijanis. If having a recent attempt at democracy makes a state more likely to democratize, Azerbaijan will have a greater chance at doing so. This would enforce the position that now is the time to begin trying to change the system in Azerbaijan rather than waiting until later, since it will be easier (or less difficult) to break a cycle of authoritarianism now when an attempt at democracy took place in the last fifteen years that after the current system has developed further. Azerbaijan also broke from the Soviet Union along with fourteen other countries, many of which are making serious attempts to democratize. If Azerbaijan can develop norms that resemble those of the Baltic States, Ukraine, and Georgia rather than the Central Asian states, which are at the opposite end of the spectrum, Azerbaijan may be able to find regional support for democracy.

Contrasting views have been given as to the level of free media and civil society in

Azerbaijan. Valiyev (2006) paints a bleak portrait of media freedom. One journalist, he claims, was murdered during the 2003 parliamentary elections and the Committee for Journalist Rights reported that nearly 80 journalists were beaten, harassed, and detained during protests of the illegitimate election. He says that the media have been used as an outlet for the government to get its positions across or its candidates elected, with 79 percent of the news coverage during the 2003 election being dedicated to Aliyev and his ruling government. Civil society, from Valiyev's point of view, is very poor. Political rallies resulted in extreme violence; Human Rights Watch reported torture of detainees, including the use of beating, electric shocks, and threats of rape. Some detainees were tortured and others reported that they were held in cruel, inhumane, or degrading conditions.

In contrast, Cornell claims that "an active and diverse opposition, a relatively free press, and a vibrant political life exist in Azerbaijan. Opposition leaders (and the press) criticize the regime openly and harshly; they even organize demonstrations and rallies, something that would be unthinkable in Central Asia." He does say that opposition figures are sued for libel and that one public TV channel was suddenly closed (2001, 119). Valiyev and Cornell describe two very different societies in Azerbaijan. Depending on which observation is accurate, Azerbaijan's prospects for democratization will be much stronger or weaker. It is critical that norms be established throughout Azerbaijan, from the highest tiers of the government to everyday citizens. Without a free media and the ability for people to organize protests, demonstrations, opposition groups, etc. without the fear of retribution, changing a political system will have no chance.

CHAPTER 3

THE SECOND STEP TO POLITICAL RESOLUTION: ECONOMIC INTERDEPENDENCE AND GROWTH

The second requirement under Kant's Democratic Peace proposition is that states must become economically interdependent. He argued that interdependence creates incentives for states to do whatever they can to prevent war from taking place.

Rational Choice theory also plays a powerful role in explaining why states will do anything possible to resolve their disputes through peaceful means. Oneal and Russett (2001) write that "the nineteenth century liberal argument derived primarily from the view that individuals act rationally in accordance with their own economic interests. It is hardly in a state's interest to fight another if its citizens sell their goods, obtain imports (raw materials, capital goods, intermediate products, or consumer goods), or have financial investments or investors there" (129). This "don't bite the hand that feeds you" attitude makes perfect sense in understanding how states think. Oneal and Russett claim that the theory that economic interdependence leads to peace has been around since before the Democratic Peace theory had developed. Not surprisingly, Polachek (1997) found that trade causes peace because states have a desire to protect their wealth.

In the cases of Armenia and Azerbaijan, if economic interdependence could be achieved, both with one another and regionally, odds of a peaceful political solution being developed and agreed upon would become much higher. If interdependence could exist between Armenia and Azerbaijan, both countries would experience extremely high costs if they allowed war to ensue again; on the other hand, major international and domestic benefits could be acquired by resolving to come to a political solution to the Nagorno Karabakh conflict. Gartzke, Li, and Boehmer (2001) claim that economic interdependence works in promoting peace because it

allows states to credibly communicate through costly signals using nonviolent means of conflict resolution. They say that states possessing a variety of methods of conflict resolution have less need to resort to more destructive and costly techniques. Results of their study show that interdependence does lead to greater peace, even when controlling for the effects of trade, democracy, interest, and other variables.

Economic interdependence is also important because it could lead to much higher levels of economic growth and prosperity domestically. Citizens who enjoy this prosperity will be less likely to support a war that will negatively affect their economies or cause instability in their own markets. After experiencing greater prosperity, they will be more likely to consider and even push their leaders for a solution to the issue at stake. Mousseau, Hegre, and Oneal (2003) found that economic interdependence does lead to peace, however only when combined with increased economic growth. They claim that “Whereas economically important trade has important pacifying benefits for all dyads, the conflict-reducing effect of democracy is conditional on states’ economic development” (300).

One particularly hopeful element of the research that has been done on economic development is that, while studies seem to suggest overwhelmingly that democracy combined with economic interdependence and growth cause higher levels of peace and conflict resolution, most of the studies seem to conclude that economic interdependence even when alone leads to greater prospects for peace. These studies suggest that democracy and economic interdependence have separate positive effects on peace. However, it is important that chances of peaceful dispute resolution are optimized when both interdependence and democracy exist simultaneously. For this reason, even if Armenia and Azerbaijan began trading with one another but neither country democratized, the likelihood of war would be much greater than if both

aspects of the Democratic Peace were present. Without democratization as well, though, norms may not be established that would push the countries toward an actual political resolution to the territorial dispute. The result would likely simply ensure a continuance of the status quo.

Empirical research on economic interdependence and how it relates to peace shows that states that have economically important trade are much more likely to use peaceful means of dispute settlement rather than resorting to war when disputes arise. This will create a much higher likelihood that a state will choose a peaceful method of dispute settlement in solving the issue. Whether the means of settlement is formal or informal, there is a higher chance that the parties involved will genuinely try to solve the problem rather than merely appear to want to achieve resolution, since not doing so may have economic consequences.

The Current Economic Situation and Prospects for Regional Interdependence

Armenia has faced significant economic challenges since the dissolution of the Soviet Union. The country was already suffering from severe economic problems between 1960 to the end of Soviet rule, with Armenia relying on the Soviet Union to sustain its economy. The Nagorno Karabakh war along with a severe earthquake affecting both Armenia and Azerbaijan caused the Armenian economy to take an even deeper plunge, leading them into a depression, with unstable currency because of the conversion from the ruble to the dram, extremely high inflation rates (642.5 percent during the first four months of 1992), and price increases averaging 117 percent a month. While economic problems became less severe after Armenia became a member of the IMF and World Bank, there is still a high degree of poverty in the country (Sarian 2006). Now, as with Azerbaijan, a small number of corrupt, self-interested government members possess most of the country's wealth.

Azerbaijan suffers from even worse economic conditions than those of Armenia.

Rasizade (2003) describes Azerbaijan as a place where most people live below the poverty line. Small children can be seen searching through garbage dumps for scraps near mountains they have escaped to while the small number of powerful Azeris wear fancy clothes, live in large villas, and drive top-of-the-line Mercedes (refusing to yield to pedestrians or traffic signals and parking their vehicles on sidewalks, while corrupt cops turn a blind eye). Rasizade claims that economic problems in Azerbaijan are far greater than the worst years of the United States Great Depression. There is an extremely large division between the richest and poorest citizens, the education system has deteriorated (about 1/3 of school aged children have to stay home to help their parents earn a living), there is very poor sanitation and water supply (only 10 percent of cities has a sewage system), and the healthcare system is very poor. The World Bank, in 2002, assessed that 78 percent of the population lives on less than \$2 a day and 56 percent lives on less than \$1.

Currently, Russia is Armenia's biggest trading partner, while Turkey and Azerbaijan both have trade embargoes on the country. Armenia's overwhelming dependence on Russia means that Russia has a great deal of leverage against Armenia to get anything it wants. This power enables Russia to prevent any resolution from taking place, which as mentioned earlier in the thesis, is probable since ongoing conflict guarantees that Russia maintains control over its sphere of influence. If Turkey and Azerbaijan would completely lift their embargoes on Armenia, allowing trade to run freely throughout the region, Russian influence would be minimized, which would help the countries involved come to an agreement.

Now may be the most promising time for Armenia and Turkey to work toward strengthening relations to where the embargo on Armenia is lifted. Soghom (2008) claims that efforts to form peaceful relations between Turkey and Armenia have gained momentum since the

collapse of the Soviet Union. The war between Armenia and Azerbaijan hurt relations with Turkey, however, and resulted in Turkey siding with its longtime ally Azerbaijan and instituting the trade embargo. Last September, Turkish President Abdullah Gul visited Armenia for a soccer game the two countries competed against one another in. In November, Armenia's foreign minister Edward Nalbandian urged Turkey to open diplomatic relations with Armenia, saying that Armenia was now ready to establish bilateral relations without any preconditions and that Armenia expected Turkey to do the same. He claimed that doing so is in the interest of both countries (Radio Free Europe 2008). Turkey's foreign minister, during the same month, said that it would be holding a three-way meeting to settle long-standing disputes in the Caucasus (RFE Nov. 12, 2008).

These recent developments show a potential change in course for Armenian/Turkish relations that could be very beneficial in the Nagorno Karabakh dispute. If trade relations between Armenia and Turkey are renewed, this interdependence could be very valuable in creating a path for eventual political resolution. Armenia's economic status could be improved dramatically if it was able to trade with Turkey, which could in the future give Turkey the ability to push Armenia to take a less hard-line approach to the Nagorno Karabakh conflict by sending costly signals. President Sarkisian is enduring harsh criticism now because of his possible willingness to accept a compromise that would call for withdrawal of Armenia from the seven areas surrounding Nagorno Karabakh. An uncompromising stance on Nagorno Karabakh has typically been taken not only by the government but by Armenian citizens as well. Greater wealth experienced by Armenian citizens might, as Kant's work suggested, provide a greater sense of urgency to negotiate in order to protect acquired wealth. If Armenians come to accept a compromise with Azerbaijan and begin vocalizing this stance, it will help counterbalance the

corrupt government that is now in place, which does not want to see a resolution.

It would also be beneficial for Armenia and Azerbaijan to reopen economic relations. This interdependence would have the potential of greatly decreasing the level of poverty in Azerbaijan, and in addition, might cause President Aliiev to take a more moderate approach in negotiations. Economic interdependence would foster communication between the two countries, something very important in helping them solve their dispute.

Tensions between Armenia and Turkey over the Armenian genocide during the early nineteenth century will without doubt hamper relations between the two states. Armenia is pushing for Turkey to acknowledge the genocide, and until this takes place, Turkey's ability to play a positive role in the conflict or push for democratization in Armenia will be limited. The sensitive relationship between Armenia and Turkey runs very deep, and one would expect an extremely long recovery process; there must be a starting point, however, and forging a constructive dialogue could set stronger relations in motion. The following chapter on international organizations will further discuss Turkey's role.

Azerbaijan removing the trade embargo on Armenia will also be difficult. Keeping the embargo in place may be seen as one of the few areas in which Azerbaijan can try to influence Armenia to change its position and withdraw from Azerbaijani territory. Removal of the embargo will also signal to Azerbaijanis that the government is becoming weak on the Karabakh issue, so even if Azerbaijan's leadership was convinced that reopening trade relations was in their best interest, they might still choose to not do so because of the domestic opposition they would be confronted with.

Whether economic relations between these countries ever change, evidence widely supports the theory that interdependence could only increase the odds that a political solution

will eventually be come to pass. The probability of a political solution will be even greater if this interdependence is combined with the norms that come with democracy. The involvement of international organizations has the potential to play a strong role in encouraging these changes.

CHAPTER 4

INTERNATIONAL ORGANIZATIONS AS PROMOTERS OF CONFLICT RESOLUTION

International Governmental Organizations (IGOs) comprise the third area in which change should occur in order to eventually lead to peaceful political resolution to the Nagorno Karabakh dispute. IGOs could serve a variety of functions in smoothing Armenia/Azerbaijan relations. In fact, they may make up the most important leg of Kant's tripod. Unfortunately, there are a number of obstacles in this area, many of which will be difficult to overcome.

Russett and Oneal (2001) identify a number of valuable benefits that IGOs can provide. In Armenia and Azerbaijan's cases, the most significant benefit these authors cite is that IGOs can help socialize states to new norms. While norm development may be made possible through intergovernmental organizations, doing so in Armenia and Azerbaijan will not be an easy task. The current political systems and in many ways, cultures of these two states differ dramatically with the norms of modern democracies. To make changes in this area could take a long time and will without doubt require a major increase in the sense of urgency felt by international organizations and their member states. In addition to socializing the disputing parties to new norms, Russett and Oneal argue that IGOs have the ability to try to coerce states to abide by norms once they have been developed. If Armenia and Azerbaijan ever succeed in democratizing, especially if they do so with the help of international organizations, those international organizations have a great ability to help ensure that states do not slide back into authoritarianism. Going back to rational choices, international organizations often offer a number of valuable rewards for states. States will be much more likely to remain democratic if leaders feel that there are direct interests involved in doing so; the probability would likely increase substantially if citizens begin to feel its advantages and start to apply pressure on their

governments. In the corrupt political climate of Armenia and Azerbaijan, it is crucial that strong organizations in which the two states obtain a high degree of interests are active in the process. Extensive costs, including damaging financial consequences to major reputational losses would be rendered by failing to thoroughly consolidate democracy, which will help persuade states to abide by norms.

These compliance costs could provide some explanatory power to the findings of Mitchell and Hensel (2002), who found strong support for their hypothesis that states have much higher rates of compliance when international organizations are involved in conflict resolution. Mitchell and Hensel found that 94.4% (17 of 18) of agreements reached with the involvement of an international organization were carried out by both claimants, as opposed to the two-thirds of agreements arrived at without IGO assistance. Although this study is related to compliance with agreements in territorial and river disputes, if compliance with these agreements is based on adherence to norms due to assessment of the costs and benefits of renegeing, states may feel equally compelled to follow through on democratization, if IGOs are deeply involved. Of course, it is important to acknowledge that an agreement to democratize, which will likely be more informal, will not have such high costs as not complying with a legal territorial dispute judgment. Nevertheless, if international organizations can build a sense that abiding by democratic norms serves the domestic interests in Armenia and Azerbaijan, there will be an increased likelihood of democratic transition and consolidation.

The Current Status of IGOs in the Karabakh Dispute and Problems in Democratization and Political Resolution

The Organization for Security and Cooperation in Europe (OSCE), formerly the Conference for Security and Cooperation in Europe (CSCE) became effective January 1,

2005.⁵

More specifically, a sub-group called the Minsk Group has played a specialized role in mediating the dispute. Throughout the Nagorno Karabakh conflict, the OSCE has been the only IGO playing a significant role in the conflict, but arguably has had minimal success and suffers from a number of institutional deficiencies. Without correcting these problems, the OSCE will have great difficulty solving conflicts and creating norms.

The OSCE was and remains the only organization working with Armenia and Azerbaijan to mediate a cease-fire. The OSCE is made up of 54 member states, and unlike organizations such as the European Union in which member states are let in by adhering to certain proscribed norms, the OSCE is made up of a very heterogeneous mixture of states, which can result in minimized efficiency in taking progressive actions.

During the mediation process, Russia was not only playing a role in the OSCE but also making its own attempts to broker a cease fire between the disputants (without the knowledge of the OSCE), which in the end Russia succeeded in doing. One of this organization's most debilitating problems is that most of its efforts require consensus among all members, not just a majority of them. This paralyzes any serious efforts by the organization to truly have an effect on the conflict since there is always a member that is not in agreement on a course of action. In the case of the Nagorno Karabakh conflict, Russia consistently undermined efforts that could have had a positive influence on conflict resolution. Freire (2003) claims that Russia acted jealously toward the OSCE's involvement in the conflict, charging the organization with intruding upon Russian interests. Russia publicly claimed support for the OSCE and Minsk

⁵ The Conference for Security and Cooperation in Europe became the Organization for Security and Cooperation in Europe after the November 1994 Budapest Summit. The change in name had no effect on the nature of the organization, but was made for 'symbolic reasons (Freire 2003).

Group but in reality has been extremely threatened by outside involvement. The state frequently tried to halt OSCE efforts, sometimes with success; however, Freire does note that there are areas where Russia's veto power within the organization is limited.

Another critical area in which change must take place in order for the OSCE to have any significant effect is that it must increase its financial resources. Freire claims that the organization is working within an extremely limited budget, which has resulted in a lack of adequately trained personnel; because the OSCE cannot afford to pay employees reasonable salaries, many employees leave the organization for higher paying jobs. This has also created problems in sending people off to field missions, and even when people can be deployed to these missions, they are often inadequately trained. Although Russia does have veto power in preventing the OSCE from taking on field missions, in order to influence norms that could lead to democracy, a well-trained force will be necessary to monitor and ensure that democratization takes place.

Thus far, the OSCE's prerogatives in Nagorno Karabakh and elsewhere do not seem to place a more than minimal amount of importance on democratization. On the OSCE's Website, its page devoted to democratization activities goes no farther than the following brief statement:

The OSCE brings people together across borders at a professional level to discuss issues and develop capacities necessary for the construction of democratic culture. The Organization's activities are aimed at all aspects of democracy, including methods of governance, participation of women and men in political life, respect for the rule of law and the development of transparent legislation that meets OSCE commitments and other international standards.

The lack of any specific examples or procedures the OSCE can or is taking to promote

democracy reveals the organization's limited focus given to government transformation. Little information can be found on any ways in which the OSCE has worked with either Armenia or Azerbaijan on democratic norm building. Under the OSCE, the Office for Democratic Institutions and Human Rights (ODIHR) claims to be focused more on democratization, however this group seems to be more interested in the human rights dimension of the organization, with its democratization efforts being a byproduct of the human rights agenda. Nevertheless, Bothe, Ronzitti, and Rosas (1997) claim that the ODIHR works to build democratic institutions and judicial systems as well as a strong rule of law. It offers OSCE states diplomatic, academic, legal and administrative expertise. Its methods of achieving these objectives are through organizing small regional and country-oriented meetings, seminars and training programs for civil servants, judges, lawyers, journalists, and the public at large. The main function that the ODIHR provides, however, is election monitoring, something essential; yet elections are only one aspect of democracy and even free and fair elections will be difficult if deeper cultural traits that accept democracy do not develop in Armenia and Azerbaijan.

The OSCE cannot be influential in any aspect of Armenia's and Azerbaijan's problems if the states belonging to it fail to make the Karabakh dispute and democratization high priorities. Yet, during the course of OSCE and Minsk Group involvement in the dispute, member states have taken no more than minimal interest in trying to work out a solution to the conflict. Maresca (1996) argues that a major reason that no political resolution to the Karabakh issue has been developed is that western members of the Minsk Group did not sustain high-level interest. During perhaps the most important meeting of the Minsk Group during negotiations when the war between Armenia and Azerbaijan persisted, the Chairman of the group did not even attend the meeting, citing family obligations. Instead of attend, he had his statement read at the meeting

by his deputy. In addition, the chairman was an unknown and inexperienced Italian politician that could not speak any of the languages the negotiations were being spoken in (French, English, and Russian). Also, representatives negotiating the conflict for western countries were all low-level diplomats that showed no interest in the negotiations. Amazingly, after missing a major turning point in the negotiations process, one diplomat apologized for being absent, his excuse being that he had to go home to walk his dog. Maresca also claims that there was no official United States position for a representative in the Minsk Group. The person who did represent the United States was expected to do the job as a collateral duty while being assigned to another full-time position. He had only one assistant, who often had to be absent, which surprised other diplomats since the United States typically sends fairly large delegations to even minor disputes (482).

The OSCE and organizations within the OSCE like the ODIHR are critical if democratization is to ever take place in Armenia and Azerbaijan. If the United States and the many other western OSCE member states cannot make genuine efforts to promote conflict resolution, even during the height of a highly fatal and potentially regionally devastating war, it is difficult to imagine these states accepting the roles required to assist in democratic norm-building. Only two countries in the region surrounding Armenia and Azerbaijan possess at least a moderate level of democratic institutions (Georgia and Turkey, and even these states' adherence to democratic principles is often questioned); therefore, western states, and more geographically proximate European states in particular, must take the initiative to push democratization. Even when taking a purely realist stance on the issue, it is somewhat surprising that the U.S. and western countries have put such little effort into trying to solve problems in Armenia and Azerbaijan. Renewed conflict could destabilize a region in the backdoor of the

Middle East, specifically Iran, which the U.S. fears is working toward becoming a nuclear state. Preventing conflict in the Caucasus would seem to be in the direct interests of the United States and Western Europe. Also, interestingly, based on the neoconservative philosophy that states throughout the Middle East should be democratized, which has (supposedly) determined policy during the Bush administration, one would easily think that the United States would have made democratization in a region so close to the Middle East a high priority.

The fact that the United States has taken such a strong disinterest in playing a major role in Armenia and Azerbaijan is unfortunate, because if the U.S. was to change its position it could be a powerful force in the conflict resolution and possibly democratization process as well. As discussed in the chapter on democratization, the United States is the least biased actor among OSCE states in the eyes of both states. The close relationship the United States has with both Armenia and Azerbaijan gives it greater legitimacy to help teach norms. It would be beneficial if the United States would be given and accept much more responsibility in norm developing activities in the OSCE. The United States often resists getting overly involved in disputes of countries within the Soviet sphere of influence, probably because it does not want Russia intruding upon United States interests. If the United States did choose to take greater measures to influence the Caucasus, Russian domination, which has and will continue to work to the long-term disadvantages of Caucasus states, will be balanced. If Russia perceived the United States to be intruding upon Russia's regional influence or felt threatened by U.S. actions within their region, reciprocal actions could be taken by Russia that threaten the United States or our interests. Unless there is a significant danger in the post-Soviet space, it may be unlikely for the United States to exert itself there. Either way, the United States stands the greatest chance within the OSCE of making progress toward democratization and political resolution. Without the U.S.

as well as other Western countries, democratic norm development and development of a norm in which states believe in making attempts to resolve conflict peacefully will be left to the largely undemocratic post-Soviet states.

Regional Organizations

Regional organizations are often extremely useful in helping states to move toward and consolidate democracy. Because of the geopolitical landscape surrounding Armenia and Azerbaijan, regional organizations may be the least likely method by which democratic norms will be supported. The two countries are surrounded by a preponderance of authoritarian regimes whose laws are frequently based on the principles of Islam. Iran and Turkey are on the southern border. To the east of Azerbaijan is Central Asia, which includes Islamic theocracies Kyrgyzstan, Kazakhstan, Uzbekistan, Tajikistan, and Turkmenistan. To the north is Russia, and to the west is Georgia. Among these countries, not one represents a very strong example of democracy. Russia claims to be democratic, but undemocratic characteristics such as a very low degree of civil society and basic rights such as freedom of speech and press are a significant problem. These issues contribute to highly flawed and undemocratic elections since the government manipulates the media to influence public opinion to favor a given candidate, suppresses those who wish to organize any type of opposition, and often assassinates journalists challenging its leadership. In addition, Russia's role in neighboring states is not one that necessarily nurtures democracy and peace, but rather exerts itself as a state interested only in heightening its own interests, even at the expense of stability and democracy. Russia's example of democracy is so poor that it could do more to dissuade Armenia and Azerbaijan to democratize than to persuade them to do so.

Pevehouse (2002) researched how international organizations affect the likelihood of

democratization and found that international organizations have a strong impact on democratic transitions, but the likelihood that a democratic transition will take place greatly increases as the number of democracies in the international organization increases, even when controlling for domestic issues. In another study, Pevehouse (2002) provides support for his argument that regional international organizations have a positive effect on democratization if the organization is comprised of a large number of institutionalized democracies. Given these results, it is clear that a valuable asset to pressing democratization would be to have a regional organization that took an interest in democratizing the Caucasus states. Unfortunately, there is no regional organization that could successfully teach strong democratic norms. Regional organizations could do very little without the involvement of Russia, also, which would use them to further promote its own personal interests. If any organization could sustain itself without Russian involvement, which is doubtful, it might be beneficial for post-soviet countries such as Latvia, Lithuania, Estonia, and Ukraine, which have all been much more successful in implementing democracies to form an organization under the principle of promoting democracy.

The European Union: The International Organization that Needs to Play a Greater Role

The European Union, though it has not played a serious role in the Nagorno Karabakh dispute, may have greater potential for success in norm development and eventual political resolution than any other international organization, including the OSCE. A number of structural and philosophical aspects of the EU give it more power to influence states than the OSCE.

First, in order to assist in the construction of new norms, an organization must have excellent financial resources. Youngs (2004) writes that the commission's European Initiative for Democracy and Human Rights (EIDHR) had 100 million Euros at its disposal by the end of the 1990s. This, he claims, made the commission a much more powerful multilateral actor than

the OSCE, whose budget is under 20 million per year. Norm development and democracy promotion is a difficult enough task, but will be impossible without enough financial support to consistently fund activities. Even if the OSCE decided it wanted to begin supporting democracy, it does not have the ability to take the drastic measures necessary to promote democratic norms.

The EU also has a far greater ability to nurture economic interdependence than the OSCE. Economic interdependence between Armenia and Azerbaijan and EU states is in all of these actor's interests. The Baku-Tbilisi-Ceyhan and South Caucasus pipelines increase the means by which Europe and Caucasus states can trade. German (2009) claims that European states want to diversify their oil supply so they will not be dependent upon any single country. Also, since Europe's own oil supply is declining but demand is rising, it is expected that by 2020 the EU will be importing two-thirds of its oil. Heightened interdependence between these states and the EU is much more beneficial than increasing interdependence within the post-Soviet region since European states actually have the ability, as well as resources, to push Armenia and Azerbaijan toward democratization. By strengthening trade links between Europe and the Caucasus, increased growth is likely to occur in Armenia and Azerbaijan. As a result of increased growth, costs of not democratizing will be extremely high as well as the costs of allowing authoritarian regimes to reemerge after democratization has begun. Increased EU-Caucasus trade will make democratization of greater interest to the disputing states.

As of now, there is an imbalance in the degree of trade between each of the two disputing states and the EU. Azerbaijan has a clear trade advantage over Armenia due to its oil reserves. German (2007) claims that because of Azerbaijan's energy security and geographic location, the EU often turns a blind eye to democratic shortcomings. On the other hand, because Armenia has so much to gain from EU trade relations but much less to offer in return, the EU has powerful

leverage in pushing democratic conditions.

Unlike the OSCE, which puts very little emphasis on democratization, the European Union places high importance on democratic institutions as being necessary for achieving conflict resolution. However, as with the OSCE, few concrete plans exist for how democratic norm infusion could be implemented. Youngs writes that European Security and Defense Policy (EDSP) officials admit that little thought has yet gone into the way that EU missions might support institution-building aims (2004, 532).⁶ The European Neighborhood Policy (ENP) is the most specific way in which the EU is attempting to promote democratization in countries outside its domain. The ENP has taken a direct interest in democratization in the Caucasus states. The EU's external relations commissioner, Benita Ferrero-Waldner believes that stable democratic development must be encouraged from within a country, not by forcing democracy on it from outside, and that by encouraging stable democratic development, the ENP can play a key role in conflict resolution. She says that "through promoting democracy and regional cooperation, boosting national reform programs and improving the socio-economic prospects of the region, it can contribute to a more positive climate for conflict settlement" (German 2007, 360). While some broad specifics are mentioned here, the question of "how" norms will be developed is not provided. How will the ENP promote democracy and regional cooperation? What kind of national reform programs will help countries currently very skeptical about democracy accept this new type of government? How will the organization improve socio-economic prospects? And the question that is not asked, How will the ENP persuade government officials who have amassed great wealth and power from the status quo to support democracy? In order for the European Union or the OSCE to have success in democratization, these questions must be

⁶ The EDSP is an organization falling within the European Union that deals with conflict prevention and crisis management.

answered. Kriesberg (1996) suggests the use of frequent workshops as a beneficial means of conflict resolution, citing their usefulness in situations in the past such as in Bosnia. Workshops, if given on a constant basis and used to familiarize regular Armenian and Azerbaijani citizens, rather than just governments, with democratic principles could be very valuable. This would require large financial sacrifices by the European Union and the development of well thought out programs that after implementation, would be assessed frequently on their effectiveness and revised if necessary.

The EU also could play a vital role in pushing democratization by using Turkey's desire for EU accession to get the country to try to alter its current role in Armenia-Azerbaijan relations and to open trade relations with Armenia. As discussed in the chapter on economic interdependence, strengthening relations between Turkey and Armenia will be very difficult, but the EU has a greater chance than any other state or organization to convince Turkey to lift the embargo on Armenia. This shows the very close link that international organizations can have on economic interdependence and democracy. Turkey could have an even greater impact on Azerbaijan, which will be better persuaded by a state such as Turkey to which it shares close identity ties, than Western states. Although Azerbaijan has close connections with Western states, it has very little in common with them. Even if Turkey and Armenia fail to improve relations, if it works with Azerbaijan alone to promote democratic norms, the likelihood of democratic transition will improve.

IGOs and the Need for Members to Coordinate Efforts

One significant problem among international organizations and the states that belong to them is that states have competing agendas about how to deal with the Nagorno Karabakh conflict. In any conflict, it is crucial that those involved in mediating the conflict be on the same

page rather than attempting to undermine the efforts of one another. The need for cohesion among players is particularly important in the Nagorno Karabakh conflict, since contrasting positions allow Armenia and Azerbaijan to be as indecisive in their own positions as mediating states are in their positions. As long as states are either apathetic or use the Nagorno Karabakh crisis to strengthen their own interests rather than aligning with other states to come to an agreed upon plan of action, the disputing countries will continue to stall any political resolution.

The consensus requirement with the OSCE creates an obstacle that is likely to make contrasting opinions more visible to Armenia and Azerbaijan, thus creating a perception of uncertainty about whether a solution is valuable. Having a variety of opinions might work in a legal dispute settlement scenario, but in an informal process such as the one that has taken place so far, differing views give disputants room to manipulate the situation to their own advantage. Boehmer, Gartzke, and Nordstrom (2004) argue that it is particularly damaging when there is more than one powerful mediator in a dispute that have diverging preferences, reporting a 15 percent increase in the likelihood of a militarized dispute in these cases. Russia tends to take a similar general position as the United States on the issue; however, these two countries as well as the others often have varying ideas concerning how to solve the matter. Boehmer, Gartzke, and Nordstrom do, on the bright side, find that IGOs have an impact independent of major powers.

If states involved in the OSCE would combine their efforts with the goal of democratization, norm development would have much greater chances. Because of the large number of OSCE members and their varying individual levels of democratic achievement, it may be difficult for this organization to be a positive role model in norm development. The European Union, on the flipside, requires very high levels of institutionalized democracy and strong human rights records before states are permitted to join. Its membership is much more homogeneous

and is much more likely to render agreement on plans of action, especially since its members also have more similar economic and security interests. Therefore, this organization might be better suited to export democratic norms.

International organizations play a very important role in Kant's tripod because they have such a high level of impact on both economic interdependence and democracy. These last two elements of the tripod could, reciprocally, cause states to join more international organizations, creating higher levels of growth and democratic practices, but in states such as Armenia and Azerbaijan, economic interdependence and democracy are not going to come about without a strong, adequately funded, coordinated effort by powerful organizations perceived as having credibility. For interdependence, and much more so, democracy to occur, Armenia's and Azerbaijan's identities must transform, which is not possible without outside help.

CHAPTER 5

CONCLUSION: IS DEMOCRATIC PEACE POSSIBLE?

Although it is clear that consolidated democracy, economic interdependence, and international organizations create a much higher probability that Armenia and Azerbaijan will work to peacefully resolve their dispute, it is much less clear whether these factors are possible. Realistically, the odds of any of these requirements coming to fruition seem fairly small.

Changing a state's norms requires altering people's identities. Unlike many newer states, Armenia and Azerbaijan are both very old, with identities that took a long time to become what they are today. Armenia, in addition, has had the experience of having been largely destroyed by the Turks, and are determined to retain who they are. Being farther geographically from Europe than post-Soviet states such as the Baltic States and Ukraine, the Caucasus states have, naturally, had a more difficult time seeing the benefits of democratization. Due to its location, Russia is able to create a barrier between the Caucasus states and democratic, Western ones.

Interdependence and international organization's actions would create a much greater likelihood of democratization and political resolution to the Nagorno Karabakh dispute, but both of these will be made much more difficult because of Russia. Russia is not going to stand idly by and allow its hegemonic status within the region to be threatened, and any decreased dependence on Russia by Caucasus states will mean a decrease in power by Russia. Azerbaijan already tries to limit Russian influence, and after the Georgian debacle in August, 2008, it has lost influence in Georgia as well. Armenia has been a consistent ally of Russia, largely because of its dependence upon the state. If the trade embargo between Armenia and Turkey comes to an end, or if diplomatic relations begin again, Russia will lose a large amount of control over Armenia and its presence in the Caucasus will be threatened. The EU can put pressure on

Turkey to make these moves; however, Turkey will without doubt receive pressure from Russia to continue the status quo.

International organizations will also have a difficult time playing a strong role in creating norms. The OSCE will continue to be limited in playing any significant role because Russia will use its veto power to prevent any serious activities on the part of the OSCE, and will prevent OSCE employees from going into the field to work on democratic norm development just as it has, in the past, put down efforts by the OSCE to send in peacekeeping missions.

Furthermore, attempting to establish democratic norms in the Caucasus will require significant financial sacrifices by international organizations and the states that belong to them. These states may very well feel as if their financial contributions would be better spent elsewhere, or at least be very hesitant to offer the amount of money necessary to have a real chance for success. Looking at the OSCE's website, the organization seems to be much more active in efforts in places like the Balkan States than in the Caucasus. There is also no chance that there will be the consensus required in OSCE decision-making to enable them to fund and approve field missions for the purpose of working toward democratization, and even if there was, the OSCE's entire 20 million dollar annual budget might not be adequate to fund a widespread and comprehensive program that would teach democratic norms in two countries.

On a more positive side, the European Union is likely to want to make large-scale financial investments in areas where it expects to reap rewards for itself. As oil becomes scarcer, the need to find reliable alternative sources of petroleum will become more important. Importing oil from the Caspian area will enable EU states to bypass both Russia and Iran, creating a larger incentive for the organization to make democratization efforts a higher priority. Of course, if the EU can secure oil without making a large financial investment, it may try to

avoid funding democratization programs. Economic benefits the European Union could provide Caucasus states through its European Neighborhood Policy program could be a substantial incentive for Azerbaijan to make oil easily accessible for EU states. Also, if the EU chose to hone in on Azerbaijan only, rather than working with Armenia as well, the situation could become worse instead of better. If the EU becomes desperate to find new oil sources, corrupt leaders in Azerbaijan may be able to get the EU (and other countries, for that matter) to overlook any restrictions on political rights or human rights as has been the case with Saudi Arabia and the international community. A disproportionate level of wealth and military capabilities between the two countries could cause the conflict to be revived, since Azerbaijan would then stand a chance at reclaiming its vast amount of lost territory. This would create a very volatile situation within the region. If the EU really wants to secure oil, however, it will have to push for stability within the Caucasus. EU countries should be aware that helping Azerbaijan surpass Armenia's level of wealth will cause instability that will jeopardize European oil interests. This might give the EU more reasons to get involved by funding democratization programs in both countries.

It is also important to not forget that, in a way, the people of Nagorno Karabakh are a third party to the dispute itself, and the Karabakh peoples have been extremely uncompromising in finding a solution to the dispute. The Nagorno Karabakh people are not considered by any mediating states or organizations to be an actual party to the dispute.⁷ For this reason, the Karabakh people have been left out of the negotiating process. In the Minsk negotiations, the Karabakh people were represented not as a party but as an observer to the process. Armenia has

⁷ Armenia is the only state that has claimed in the past that Nagorno Karabakh was an actual party of the territorial dispute. Armenia, despite its consistent role as a primary party in negotiations and its direct support of the Karabakh peoples goals to either become independent or join Armenia, has argued that it is not even part of the dispute; rather, Armenia has claimed that the dispute was between Azerbaijan and Nagorno Karabakh.

said in the past that it would not support any agreement that the Karabakh people did not consent to. Thus even if democratization, economic interdependence, and better efforts by international organizations all take place, the people of Nagorno Karabakh may be a debilitating factor in coming up with a political solution. If Armenia ceases its political and financial support of Karabakh, however, these people will be forced to accept any reasonable deal made between Armenia and Azerbaijan.

Right now, of course, there are no concerted efforts to truly try to democratize either Armenia or Azerbaijan. Because of the autocratic leadership in both countries, it may be highly doubtful that a solution will take place. Evidence on the benefits of institutionalized democracy, trade, and international organizations all show significantly higher rates of peace and genuine attempts at solving problems when these factors are present. Unfortunately, all of these are currently very weak at this point. This is a strong cause for concern since, as I have stated previously, Armenia's president is looking at an aggressive political solution that would call for Armenians to cede the Azerbaijan territory outside Nagorno Karabakh and, after a waiting period, to consider a political solution that would at least grant Karabakh large-scale autonomy, though not sovereignty. Naturally, this does not sit well with Armenian citizens or the rest of the government. If Sarkisian tries to go through with an agreement against the will of his people or the government, he may be overthrown with a more uncompromising president taking over. If he is able to go through with this agreement in the current climate, these two countries' worst days might be ahead of them, not behind. International organizations and individual states should be very cautious in the roles they play in the situation. It will be very interesting to see what the future holds for Armenia and Azerbaijan.

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