

Dr. Louise Shelley IREX Speech, Tbilisi, Georgia, September 26, 2004

Several years ago I attended a conference in Warsaw entitled “What Security for What Europe?” I would like to paraphrase this question for today’s discussion, “What Security for What Caucasus?”

First, what do we mean by security? I was happy to see that this conference addresses all forms of security, both hard security issues and soft security issues and the emerging area of human security. While hard security deals with military threats, regional conflicts, arms smuggling and terrorism, soft security deals with transnational crime, threats that undermine human capacity and the strength of society. In contrast, human security focuses on the human dimension and factors affecting living conditions: the environment, social welfare and the quality of life. There is some overlap between the last two aspects of security. I am happy to see all of these represented on the program presented here. This program is a broad vision of security addressing the wide range of issues that a society needs to examine if it is to survive in the complex global environment.

Second, what security for what Caucasus? This is a very strategic question. The Caucasus has for millennia been at the crossroads of the world, or perhaps even longer. I am thinking of the first ancestor of man that came out of Africa and has been dug up 40 kilometers from Tbilisi at Dimanisi. This relatively small territorial area has seen wars, conflicts and migrations. It has been conquered and occupied by many of the greatest civilizations of the world, which has contributed to its rich and diverse history, culture and cuisines.

But what does security mean in a globalized world? What does it mean to be connected to the global phenomena of the international community, especially in such a difficult neighborhood of the world? The region has fortunately passed through the overt violence and conflict that characterized many of the former Soviet states in the immediate post-Soviet period. However, frozen conflicts remain that threaten to destabilize not only the conflict regions of the Caucasus, but beyond. Compared to neighboring regions, however, the Caucasus has come a long way from the incredibly traumatic years following the Soviet Union’s collapse, when many of its citizens emigrated.

Let us return to the three types of security. The following are the hard security challenges that affect this region:

- Frozen conflicts remain that threaten to destabilize not only the conflict regions of the Caucasus but also neighboring countries. These conflicts have deep historical roots in this region which make them difficult to resolve.
- Georgia’s location in a difficult neighborhood of the world where conflicts are flaring today. The explosive attacks in North Ossetia, the war in Iraq and the regional instability of the Middle East threaten the security of the three countries

represented here. The instability and violence in these regions may have a contagion effect and spread.

- Historically, terrorism has not a major force within the region, but increasingly the South Caucasus is playing a facilitating role for terrorist activities. The porous borders, lack of financial controls, the corruption of governmental structures and the control apparatus all make possible terrorist activities. The Russians have accused a Baku financial institution of funneling money for terrorism in Russia. The smuggling and contraband trade across Abkhazia and between North and South Ossetia allows arms, money and people to easily traverse the border. The increasing drug trafficking in the region, much of it emanating from Afghanistan and Pakistan, is providing financial support for terrorism.

This region has made enormous progress in dealing with the hard security issues, although threats remain and the failure to find long-term solutions means that the conflicts have the potential for reemergence.

The Caucasus has a strategic importance that is increasingly being recognized internationally. Part of this is due to the oil reserves of the region and the Baku-Jeyhan pipeline that have brought this region into focus. But this means that your security and interests are not just your own but increasingly have become the concern of the larger countries which surround you. In an ever more globalized world, distant countries and powerful multi-national corporations are also becoming more involved in a decisive way in your region.

Let us take a moment to look beyond military conflicts. Security in this region is not only an absence of military conflicts. The soft security issues of guaranteeing a decent life for present citizens and future generations are of paramount importance. In the traumatic first decade of post-Soviet transition there were enormous population losses. Estimates range as high as one-quarter of the population of Armenia and Georgia has left, with a smaller but still significant percentage for Azerbaijan. Many who have left are young, while others are ambitious and educated and seek the opportunity to use their skills to enjoy a higher standard of living elsewhere. Many who have emigrated send money home. But this loss of human capital has serious demographic consequences for your small countries and undermines your future capacity.

Soft security issues such as population and demographics may therefore prove to be at least as much, if not a more important determinant of future development than the hard security issues. Let us look briefly at some of the key soft security issues:

- Health— Issues related to this include: the declining quality of health care in much of the region, resulting in shorter life expectancy, increasing infant mortality, rising drug abuse; lack of access to needed medicines, doctors and decent hospitals; corruption in medical services, and corruption in medical schools preparing future doctors

- Environmental issues— poor air quality, massive deforestation and illegal export of timber harm the land, severe pollution of the Black and Caspian Seas deplete fish stocks and harms water quality.
- Education and Development of Human Capital— There is a lack of investment in education. Corruption and diversion of foreign assistance, World Bank loans and national budgetary resources for different levels of the educational system erodes the quality of education. Corruption in the admissions and grading process in institutions of higher learning produces not only substandard specialists but is especially dangerous in the area of medicine. Recent analysis has shown that the inferior higher education in Italy has long term consequences for employment and is retarding economic growth. What are the consequences for Caucasian countries whose specialists have an even greater need to be competitive in a global environment?
- Energy Security —This commodity is both a blessing and a curse in this region. The presence of large-scale energy resources in Azerbaijan and a near absence in Georgia and Armenia creates an enormous economic imbalance in this region. But as one former high-level Georgian official said to me when we were setting up our anti-corruption center, “at least we do not have oil”.

Energy resources can be an enormous curse for a developing country. Only a few countries have managed to use these resources for the general good, for example Norway and the state of Alaska in the USA. In contrast, in many parts of the world, the presence of oil and energy reserves heightens corruption, creates extremes of wealth and poverty and restricts economic diversification. Nigeria and Indonesia provide very clear examples of the instability and lack of sustainable development from a resource which should have promised stability. The presence of oil reserves in Azerbaijan has allowed state policy to be strongly affected by powerful multi-national corporations. Georgia and Armenia, without significant domestic energy resources, face difficulties in meeting the energy needs of their citizens and thereby increase their political dependence on Russia as an energy supplier.

- Crime and Insecurity—The absence of public order, lack of law enforcement capacity, and the corruption of law enforcement all exist to different extents in the three Caucasus countries represented here.
- Transnational Crime—The strategic location of this region makes these countries susceptible not only to domestic organized crime actors but also to other transnational crime groups, which exploit its strategic location. It is important to note that the Caucasus always contributed a disproportionate share of the thieves-in-law in Soviet society. Among the activities that these transnational criminals take part in are drug and human trafficking, transshipment of arms and contraband cigarettes and oil, and money laundering. They also have a presence in the timber and caviar mafia. All forms of transnational crime exist in the region and have links to many other regions of the world—the U.S., Turkey, Russia etc.

Drug trafficking in the region has had a deleterious impact on youth, and ill-gotten profits corrupt law enforcement and government officials, and fund terrorism. Regarding illegal migration, smuggling rings from Afghanistan and the Indian subcontinent traverse this region, and the participants sometimes even have passports from this region issued by corrupt foreign embassy officials and facilitated by corrupt law enforcement structures. Young women from this region who are victims of human trafficking are found in Greece, Turkey, the Balkans and the Middle East.

Arms traffickers run unchecked here and are even smuggling nuclear materials abroad. This latter activity, unfortunately, links Russia and criminals from the Caucasus. Furthermore, people living in the border areas are so poor that they survive by being complicit in the contraband trade, including cigarettes and consumer goods. Finally, there are also strong links between transnational crime and terrorism.

- Corruption as a threat to stability- the three countries represented here are at the bottom of the Transparency International list in terms of their levels of corruption. It undermines every aspect of society and state governance.

High levels of corruption can be a destabilizing force within society. We saw this in Georgia in the previous year, but the destabilizing forces of corruption are not unique to Georgia, and even the Rose Revolution has not eliminated the problem of corruption. The level of corruption in this region has an enormous range of consequences, including reducing economic growth, undermining health, education, law and order, respect for the legal structure, governance of the societies, and the facilitation of terrorism within and in adjoining regions.

- Furthermore, corruption provides an enormous challenge to the following areas- democratic institutions, good governance and civil society. Here in Georgia we have seen citizens and civil society rise up against electoral fraud and demand change. While there have been enormous changes, there is still much which needs to be done to address corruption. Civil society needs to monitor the change and apply pressure for sustained transformation now that there are no longer crowds in the streets.

In Armenia and Azerbaijan, the criticism of the electoral process has come from the OSCE and outside observers, rather than an active mobilized civil society such as the one in Georgia, which demanded change from within. Other countries “fear the contagion effect from Georgia”. But the societal demand for accountability is critical for long term development and national security.

Despite the Rose Revolution, there has not been a full transition anywhere away from the authoritarian traditions of the Soviet era. In fact, some of its personnel are still very much in power. The recent backtracking in Russia is illustrative of how easy it is to retreat to the past and lose hard-won victories such as freedom and participatory democracy.

In conclusion, the hard security challenges to the region remain important, but the greater challenges to this region may come from the soft human security areas. Yet, as we look at the challenges, we also look at the strides that have been made in security in the region. In the mid-1990s, this meeting would not have been possible. The political climate of the region would not have permitted it. The outstanding group assembled here, having an enormous capacity to affect national, regional and international security, would not have existed, as many of you represent a recently trained generation prepared to think of security in terms of new paradigms. There is also a greater appreciation that despite the historical conflicts in the region, the South Caucasus as a region has enormous strengths to give to the international community.

This past Sunday, I saw again the play “Host and Guest”, a production by Washington’s wonderful Georgian theater company. This play, about ethnic and religious conflict in Georgia, based on the work of a famous author, suggests that the historical conflicts of the region provide enormous challenges to regional security. But the humanity, the ability and the desire to contend with these difficult issues and to move beyond a difficult past, suggest that the region has the desire and the capacity to address the diverse security challenges that lie ahead in many spheres. To achieve this, there must be a strong shared political will and a commitment to a sustained effort to address these challenges to ensure the security of this important region and the flourishing of its cultural and social life.