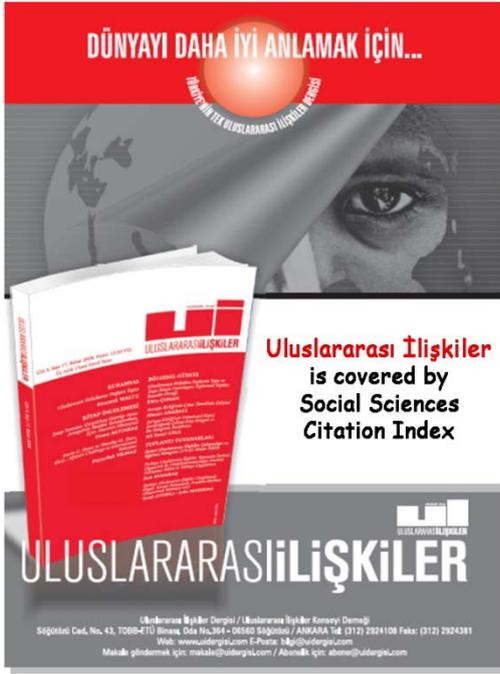


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***The Evolution of US Policy towards the Southern
Caucasus***

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The Evolution of US Policy towards the Southern Caucasus

George KHELASHVILI and S. Neil MACFARLANE*

ABSTARCT

This article examines the evolution of American policy in the Southern Caucasus since 1991. It begins with a discussion of the principal drivers of that policy. A discussion of the evolution of the policy since the end of the Cold War follows. The article argues that US policy in the region has been ad hoc and inconsistent, reflecting ideological considerations (democracy promotion in Georgia), economic interests (access to Caspian Basin energy product and the development of US relations with Azerbaijan), US minority lobbying (US policy towards the Karabagh conflict), and idiosyncratic leadership preference (the personal relationship between Presidents Bush and Saakashvili). This amalgam reflected the weakness of strategic drivers and notably Russia's inability to act on its hegemonic aspirations in the region. As Russian power increases, and its effort to rebuild its influence in the Southern Caucasus grows, the strategic framing of US policy may also be expected to strengthen.

Keywords: US Foreign Policy, Southern Caucasus, Russo-Georgian War, CIS, NATO.

ABD'nin Güney Kafkasya Politikasının Gelişimi

ÖZET

Bu makale 1991'den itibaren Güney Kafkasya'da Amerikan politikasının gelişimini incelemektedir. Bu politikanın esas belirleyicilerinin tartışması ile başlayan makale, Soğuk Savaşın bitişinden sonrası dönemde şekillenen politikanın tartışmasını sunmaktadır. Makale Amerika'nın bölgedeki politikasını geçici ve tutarsız olarak nitelendirmekte, ve bu politikanın ideolojik öncelikleri (Gürcistan'da demokrasinin teşviki); ekonomik çıkarları (Hazar Denizi petrol kaynaklarına ulaşım ve Amerika'nın Azerbaycan'la ilişkilerinin gelişmesi); Amerikan azınlık lobciliği (Amerika'nın Karabağ sorununa yönelik politikası) ve özel durumlarla ilgili lider tercihlerini (Başkan Bush ile Başkan Saakashvili arasındaki şahsi ilişkiler) yansıttığını öne sürmektedir. Bu politika aynı zamanda stratejik eylemlerin zayıflığı ve özellikle Rusya'nın bölgede hegemonik iddiaları doğrultusunda hareket etmesindeki başarısızlığını da yansıtmaktadır. Bölgede Rus gücü arttıkça ve Güney Kafkasya'da etkisini yeniden kurma çabaları büyüdükçe, Amerikan politikasının stratejik çerçevesinin de güçlenmesi beklenebilir.

Anahtar Sözcükler: Amerikan Dış Politikası, Güney Kafkasya, Rus-Gürcü Savaşı, Bağımsız Devletler Topluluğu, NATO.

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Introduction

The recent travails of the Obama Administration in handling Georgian issues in the context of “resetting” Russian-American relations draw attention to the general proposition that small places can generate big problems. More specifically, they highlight the significance of matters Caucasian to the larger interests of the United States as it tries to navigate relations with an increasingly assertive and apparently aggrieved and insecure Russia. The 2008 war in Georgia caused the most significant deterioration in Russian-American relations since the end of the Cold War, and may be a substantial impediment to necessary progress in the bilateral relationship on a wide array of extremely important issues, among them strategic arms control, non-proliferation, Iran and North Korea, as well as more substantial cooperation on Afghanistan.

This essay assesses the drivers of US policy in the Southern Caucasus, discusses its evolution, and then examines the region in recent US foreign policy. I argue that it has been extremely difficult for the United States to develop a coherent strategic perspective towards the region because, although the three Southern Caucasian states together form one part of a larger challenge for the United States (how to define the nature and direction of American policy in the former Soviet region), policy towards each country has tended to be dominated by alternative logics: the political economy of energy, minority lobbying in the domestic politics of foreign policymaking, ideologies associated with American exceptionalism, and the propensities of successive leaders. The inchoate, more than occasionally personalistic, and often contradictory nature of American policy reflected the lack of strong strategic imperatives in this region. The return of Russia to strategic activism in the Southern Caucasus provides a structural basis for a more strategically coherent American approach to the region.

Background

In 1991, the Soviet Union collapsed, ending bipolarity and removing a key strategic threat, not least to Turkey, the only NATO old member state with a substantial land border shared with the USSR. Fifteen new states emerged as the Union came apart. Three (Armenia, Azerbaijan, and Georgia) were located in the Southern Caucasus. All three faced significant political challenges in creating sovereign state structures. Their leaderships had no experience of sovereignty or independence. All three were highly integrated into the now defunct Soviet system of production and faced significant economic challenges as supply chains and markets disappeared and as they sought to develop capitalist relations of production out of the rubble of socialism. Their leaderships and political elites also carried the legacy of Soviet politics, which left them ill-prepared for pluralist, if not democratic, politics.

All three states were implicated in different ways in emergent civil conflict. In Georgia, first South Ossetia and then Abkhazia challenged the authority and jurisdiction of the central government in Tbilisi, resulting in two short wars and the displacement of several hundred thousand people. Civil war in Azerbaijan began before the collapse of the Soviet Union, as the political elite of the predominantly ethnically Armenian region of Nagorno-Karabakh sought

to secede from Azerbaijan and to join Armenia.¹ The six year war (1988-1994) resulted in a substantial exchange of refugees between the two countries and the displacement of well over 500,000 Azeris from Nagorno-Karabakh and adjacent territories occupied by Armenian and Karabakh forces. Although active hostilities in the three conflicts ended in 1992-4, durable peace remained elusive. The potential for “conflict recidivism” was highlighted in the renewal of war and intervention in Georgia in August of 2008.

The emergence of these new states raised complex questions for others in the international system, not least the United States. How should one respond to this sudden shift in the landscape of international relations? This question took on especial importance in the Southern Caucasus, given the region’s proximity to areas of the Middle East where the United States had long established strategic interests and vulnerabilities. What role should outside actors and their multilateral institutions play in the effort to construct viable states in the Caucasus? How should one deal with the complex mix of civil conflict and with the political, humanitarian, and economic consequences of those conflicts? How should one balance relations with the new states with the continuing need for close relations with the USSR’s successor state, the Russian Federation?

Although some states in the international system, not least Turkey, had substantial historical experience there, for the United States, policy on the Southern Caucasus was a blank sheet of paper. The United States had no historical links to the three countries.² During the seventy years of Soviet rule, America’s approach to the region was subsumed within its larger policy towards the USSR; the American government concentrated on relations with Moscow to the neglect of the other Union republics. A similar lack of attention was evident in American academia.³ Nobody knew much about these places. Few people had been there and those who had been generally were tourists. In the political realm, there was almost no knowledge of alternative political and social forces, including those that emerged in 1991-2 to govern the three new states.

Drivers

The foreign policy of any state is an amalgam of numerous factors. Realists like to believe that the behaviour of a state in the international system is, in important respects, a reaction to the structure of that system, and notably the distribution of power within it.⁴ They recognise, however, that in the absence of substantial strategic threat and opportunity, state behaviour is less influenced by logics of the distribution of power. In such instances, states may pursue economic interests, seeking to open up new opportunities and to defend established positions in the world economy. Constructivists emphasise the role of ideas and norms as underpinnings of behaviour. Although both these propositions are consistent with

¹ The authors are aware that there are numerous and contested names for this region. They choose the former Soviet one, which appears to be the least controversial.

² Armenia is a partial exception, given the large Armenian diaspora in the United States.

³ The academic study of the non-Russian republics, particularly along the southern tier, was also inhibited by difficulties of access, given Soviet political and security sensitivities.

⁴ Kenneth Waltz, *Theory of International Politics*, Boston, McGraw Hill, 1979.

a view of the state as a unitary actor in world politics, they do invite enquiry into internal political structures and policy drivers (the second image⁵).

Those who open the black box of the state focus on elements of the domestic political process that may have implications for foreign policy formulation, among them the division of responsibility between the Executive and Legislative branches of government, the party system and party preferences, the interests and roles of relevant bureaucracies, and the influence of public opinion and of various lobbies, including minority lobbies.⁶ The Southern Caucasus is a good environment for testing these possibilities, since there was no historical inertia.

The key systemic drivers of American policy in the region were, and are, fairly straightforward. The sub-region falls between two zones that, for many decades, have been considered to be of deep significance to the United States. To the North, there is Russia, the successor state to the Soviet Union. Russia inherited the USSR's nuclear capability; the United States was enmeshed with the USSR in a number of nuclear and nuclear-related (*e.g.* ABM, SALT, START, Intermediate Nuclear Forces (Treaty), and NPT) arms control agreements that covered quantities and characteristics of weapons systems, as well as limitation of the proliferation of such systems and related technologies. The collapse of the USSR raised significant concerns regarding the leakage of nuclear weapons and materials that were inadequately secured and also leakage of Soviet human capital to states that might be interested in the development of nuclear, and for that matter, chemical and biological weapons.

Managing the challenge posed by the USSR had also been critical to the security of Western Europe, the USA being enmeshed in the NATO regional alliance. The emergence of a weak Russia after the Soviet collapse created new issues for the US-led transatlantic alliance, among them the weakness of the Russian state, its difficulty of controlling its space and economy and consequent non-traditional security externalities (transnational criminality, people-trafficking, illegal migration, control over strategic materials, and potential migration of weapons specialists to third countries). In the longer term, although the tendency was to write Russia off as a major player in the European and global systems, the future of Russian foreign and security policy remained a significant opportunity or risk. As the Russian state and economy recovered in the early years of this decade, the potential of Russia as a hostile power became evident. Russia's re-emergence and its increasing assertion both in its immediate region and farther afield posed once again the very old choice between cooperative and competitive approaches to dealing with this major Eurasian state.

Looking south, the region borders on Turkey, a NATO ally long central to American objectives in the northern Middle East and increasingly important in American strategy towards the Islamic world in general. It also borders Iran, a country which since 1979 has been deeply hostile to the United States, and that, to varying degrees, has embodied an expansionist ideological perspective deemed antithetical to US interests in the Gulf and

⁵ Kenneth Waltz, *Man, The State, and War*, New York, Columbia University Press, 1959, p.80-123.

⁶ For a good introduction to foreign policy analysis in the United States, see Charles Kegley and Eugene Wittkopf, *American Foreign Policy: Patterns and Process*, London, Wadsworth, 2002.

the wider Middle East. In the event of serious security challenges arising in the Middle East, the Caucasus has potential strategic utility as a transit point for American military assets deployed to deal with contingencies there. In addition, as has recently become evident owing to interruption of supply of US forces in Afghanistan through Pakistan, the southern Caucasus provides a potentially useful land bridge for the logistics of American units operating in Southwest Asia, notably Afghanistan.

Turning to economic issues, while the Caucasus is insignificant as a potential market for American goods, it is a potentially important source of, and transit route for, oil and natural gas. The Caspian Basin accounts for 1-4% of global oil reserves and roughly 6% of global gas reserves.⁷ These are located for the most part in Central Asian littoral states (Kazakhstan and Turkmenistan), but also in Azerbaijan.

Despite their rather diminutive share of global reserves, Caspian Basin oil and gas are significant in American strategy for three reasons. Oil supplies at the margin can have significant price effects, and this gives the United States and other consumers an interest in access to these reserves. Moreover, although the United States accesses a wide range of energy sources, continental Europe has developed a significant dependence on Russia for gas. The interruptions in Russian gas flow through Ukraine in 2006 and again in 2009 highlighted that dependency. The United States has an interest in the smooth operation of international energy markets. In addition, for both historical and balance of power reasons, it makes sense for America to be attentive to the vulnerabilities of its allies in Europe, particularly when issues of energy dependency may generate ruptures in the alliance of which the United States is a part. These considerations give the United States a perceived interest not only in access to the reserves, but in transit routes that bypass Russian territory.⁸

Energy security and trade link the systemic to the domestic determinants of US policy in the Caucasus. There is a strategic logic to American interest in this area, as seen above, but American policy is also the product of pressure from economic interests inside the United States. A number of major predominantly American energy companies (for example, Chevron, ARCO, ExxonMobil, and CONOCOPhillips in Kazakhstan, and Exxon Mobil, Chevron, CONOCOPhillips and AMOCO – now part of BP – in Azerbaijan) have developed substantial stakes in Caspian Basin oil and gas production and in transit routes (the Caspian Pipeline Consortium, the Baku-Tbilisi-Ceyhan [BTC] oil pipeline and the South Caucasus Gas Pipeline) to bring product into larger regional and global markets. They have steadily lobbied the United States to support their commercial ventures both in production and in transport. The energy sector has a particular interest in building a positive relationship between the United States and Azerbaijan, in maintaining close relations with Georgia, through which much energy product must pass in order to exit into international markets, and, more generally, in promoting the strategic logic of access to Caspian energy reserves.

⁷ International Energy Agency, *Caspian Oil and Gas*, Paris, IEA, 1998, p.32.

⁸ In the context of the war in Afghanistan and logistical difficulties of supporting American troops there, Caucasian transit routes may have military as well as economic significance to the United States.

Moving beyond domestic economic interests, minority lobbying has also had a selective impact on US policy towards the Southern Caucasus. Azerbaijanis and Georgians have not had a politically significant lobby in the United States. In contrast, there is a substantial and well-organised Armenian minority that has sought to influence electoral politics and also policy outcomes. Its organisations play an active role in campaigning for (and against) congressional and presidential candidates with a view to promoting the interests of the home state, and also to maintaining the salience in US politics of historical grievances, notably those associated with the fate of Armenians in the Ottoman Empire. Its success in this regard was evident, for example, in the mid-1990s when Armenia received a disproportionate amount of US assistance flowing to the region, in the adoption of Section 907 of the Freedom Support Act of 1992⁹, and in the conditionalising of US assistance to Turkey on the provision of a humanitarian corridor to Armenia.¹⁰

A third internal dimension of US foreign policy in the region is ideational –and specifically the normative commitment to democracy promotion. This commitment was rooted in exceptionalist American beliefs that the United States embodied universalisable lessons for other states and that liberal democracy was a preferable political system and should be emulated elsewhere.¹¹ In the interventionist periods of American foreign relations, this has involved deliberate efforts to spread the faith. The 1990s and the first years of this decade, animated by what was perceived to be America's victory in the Cold War period, were such a period. The historical/ideological motivation associated with America's own origins and self-perception was joined at this time by a powerful re-examination of ideas first put forward by Immanuel Kant in what has come to be known as “democratic peace theory” – which boils down to the notion that democracies do not go to war with each other.¹² The United States, in its relations with post-communist states, quite deliberately sought to spread democracy through its aid programmes and through such institutions as the National Endowment for Democracy, the National Democratic Institute for International Affairs, and the International Republican Institute, as well as through non-governmental organizations such as Freedom House.

The final dimension to mention here is leadership and its legacy. This pertains specifically to Georgia. The George H.W. Bush administration perceived a lingering debt to Eduard Shevardnadze, as a result of the latter's role in the ending of the Cold War.

⁹ Section 907 barred US assistance to public organizations in Azerbaijan until the latter took demonstrable steps to cease offensive action against Nagorno-Karabakh and the blockading of Armenia.

¹⁰ See Neil MacFarlane and Larry Minear, “Humanitarian Action and Politics: The Case of Nagorno-Karabakh”, *Occasional Paper*, No. 25, 1997, p.41-43. See also Armenian Assembly of America, “President Signs Foreign Aid Bill” (26 January, 1996), p.1, where it states “This legislative victory represents everything the Assembly has advocated for the last year and a half.”

¹¹ For a useful treatment of liberal American thought and its external implications, see Louis Hartz, *The Liberal Tradition in America*, New York, Harvest, 1991, and in particular Chapter 6.

¹² The recent iteration of this durable theme in international relations theory can be attributed to Michael Doyle, “Kant, Liberal Legacies, and Foreign Policy,” *Philosophy and Public Affairs*, Vol. XII, No. 1- 2, 1983.

Shevardnadze also had close personal relations with both the President and with James Baker, Bush's Secretary of State and Chief of Staff. George W. Bush appeared to have developed similarly close relations with Mikheil Saakashvili, Shevardnadze's unconstitutional successor, in view of Saakashvili's success in leading an ostensibly democratic revolution in 2003. He was also successful in building close personal relations with a number of leading Republicans in the Senate, not least John McCain. The result appears to have been a conflation of the Georgian state with the person of its President.

To summarise, the drivers of US policy towards the Southern Caucasus comprise an amalgam of various factors operating at the systemic and domestic levels and affecting America's relationships with each of the three states of the region in different ways at different times.

A Brief Periodization of US Policy in the Southern Caucasus

Early Policy

US policy towards the region can be loosely divided into four periods. In the first (from the collapse of the USSR to the mid-1990s, and spanning the last years of the first Bush Administration and the first term of the Clinton Presidency), the US was new to the region and on a very steep learning curve. At the outset, as noted above, it had no established relations with Southern Caucasian states and very little history of engagement in the region. There was no clear strategic interest and no deep desire for strategic engagement in the region. Consequently, American activity in the region lacked focus.

Relations with the three countries were reasonably quickly established (slightly later with Georgia, given US concerns about the nationalist and xenophobic platform of the first President, Zviad Gamsakhurdia, who was removed from office by his own military in January 1992). Much American effort was devoted to responding to the humanitarian consequences of the region's three conflicts. At a diplomatic level, the United States engaged with the Minsk process for a resolution of the Nagorno-Karabakh conflict, but its efforts were hamstrung by the difficulty in achieving an *uti posseditis* outcome, given the Armenian government's deep engagement in the conflict, the Armenian diaspora's solidarity with their co-ethnics in Karabakh and the influential role of that diaspora in key electoral swing states in the United States. Matters were not helped by the fact that, for much of the period in question (1992-4), Azerbaijan was not a viable interlocutor, given its domestic political turmoil. The US acquiesced in the successful effort of Russian Defence Minister Pavel Grachev to negotiate a cease-fire once the Karabakh Armenians had won their war.

In Georgia, the United States supported (or at least did not object to) Yeltsin's 1992 efforts to achieve a ceasefire in South Ossetia involving the deployment of a mixed peacekeeping force including Russian soldiers. Once the Abkhaz conflict died down, the US supported Russian and UN efforts to stabilise the situation and to move towards a political settlement. The United States, for example, voted in the Security Council in favour of Resolution 937 (1974) which commended the establishment of a Russian-led

Commonwealth of Independent States (CIS) peacekeeping force for the Abkhaz conflict, and recognised the Russian Federation as a facilitator of the peace process.¹³

Retrospectively, this was a quintessential example of inviting the fox into the chicken coop, given Russia's role in fomenting the war, and its intervention on the Abkhaz side. But, along with acquiescence in, or support of, Russian roles in the other conflicts discussed above, it is an important indicator of American views on the management of security issues in the Southern Caucasus at this time. There was little evidence of any American willingness to take a direct role. Instead, they were satisfied to allow Russia to play the leading part in conflict management in the region. Indeed, the Security Council resolution in question was part of a series of resolutions involving responses to regional responses to crises in Africa (Rwanda), the Caribbean (Haiti), and the former Soviet space. That the Security Council authorised the interventions of three permanent members (France, the United States, and Russia) in areas where those powers conceived themselves to have historical roles and immediate strategic stakes suggests a deal among the veto players. But, more importantly for this article, it indicates reasonably clearly an American willingness to give Russia a *droit de regard* over the management of security and conflict in its traditional region of influence and control.

Underlying American policy choices with respect to the region's conflicts was a set of assumptions about regional order and Russia's role therein. The early 1990s were marked by a sudden upsurge in civil conflict with often grievous humanitarian consequences throughout much of the international system. The United States became directly involved in several, not least Somalia. These experiences left the Clinton Administration reluctant to take a direct role in conflict management. Some of these conflicts (*e.g.* those in the former Yugoslavia) occurred in proximity to areas of traditional US strategic interest and variously implicated American allies. In the Caucasus, in contrast, there appeared to be a more or less benign regional player – Russia – both willing and able to take on conflict management roles. Russia's recent history had been one of democratic reform and the embrace of international liberalism. Its foreign policy initially appeared to be animated by Gorbachev's "new political thinking" (multilateralism, mutual and cooperative security, the common European space), and manifested an apparently strong desire to cooperate with the United States on issues of mutual concern such as strategic arms control. Russia supported (or at least did not oppose) major US initiatives in the UN Security Council. Russia accepted US advice in economic reform. For all these reasons, the United States saw Russia as a junior partner with comparable objectives in the early days after the collapse of the USSR.

The Second Clinton Term

By the middle of the 1990s, several things had changed. All of the region's conflicts had subsided. The chaos of Georgian and Azerbaijani politics had been contained and new leaders (both being former first secretaries of their republics' communist parties) had re-

¹³ S/RES/937 (1994), 21 July 1994. In another indication of US priorities, Georgian communication with the United States in respect of negotiations regarding Abkhazia at this time was reportedly handled largely through US representatives in Moscow. Personal communication.

established a degree of order. The region's currencies had been stabilised and economies were in recovery (though the ruble crisis of 1997-1998 dealt them another severe setback). At a more strategic level, the extent of the Caspian Basin's energy reserves and its potential export capacity were becoming clearer and international energy companies, including American ones, had actively engaged in Azerbaijan. Finally, by this time, it had become clear that Russia was not capable of generating regional stability, given its domestic political and economic weakness and the atrophy of its military.

American hopes about Russia's democratic transition had been set back by the seemingly endless (and occasionally violent) confrontation between the Duma and the Executive, and by the general deterioration of law and order in the Federation. And Russia's foreign policy had quite decisively shifted away from its early westward orientation and towards a more focused effort to influence its region and to resist Western initiatives that ran the risk of undermining Russian interests.¹⁴ Significant tensions arose between Russia and NATO over the latter's intended enlargement, and also over the Alliance's engagement in the Balkans (first the intervention in Bosnia's civil war, and later the attack on Serbia in relation to Kosovo). The logical conclusion was that it was bad policy to rely on Russia to manage the security affairs of the former Soviet region.

The result was a shift in US policy. One element was a rebalancing of relations with Armenia and Azerbaijan. In essence, the increasing interest in Caspian energy created a domestic lobby to contend with that of the Armenian diaspora in respect with relations with the two states. This was related to US government political support of the construction of an early oil pipeline and then a major oil pipeline (BTC) to transport Azerbaijani oil via Georgia to the Black Sea in the first instance and to the Mediterranean in the second.¹⁵

Another element was a more explicit commitment to the sovereignty of the non-Russian former Soviet republics. However, this did not result in any challenge to established Russian positions in respect of the ceasefires in Abkhazia and South Ossetia, while half-hearted efforts to resolve them continued through the OSCE and the UN. The US maintained its support of OSCE and UN missions to the conflict zones. As a co-Chair of the Minsk Group, the United States supported the negotiations in 1996-7 leading to a near-resolution of the Karabakh conflict, on the basis of a phased approach that postponed the resolution of Karabakh's status. This was short-circuited by the removal of Armenian President Levon Ter Petrosyan, and his replacement by the former President of Nagorno-Karabakh, Robert Kocharian.

The US also worked towards the withdrawal of Russian bases in Georgia, an effort which culminated in the Istanbul Declaration of 1999, where Russia committed to

¹⁴ On this point, see S. Neil MacFarlane, "Russian Conceptions of Europe," *Post-Soviet Affairs*, Vol.10, No. 3, 1994, p.240-255.

¹⁵ It is noteworthy that the USG did not offer to subsidise construction of the lines. In respect of BTC, they were clear that, although they supported development of the route, it had to be commercially viable. This was problematic at a time when oil prices were well below the level (\$15) necessary to make the line profitable.

remove its bases at Vaziani, and Gudauta by July 2001.¹⁶ In addition, the US supported the expansion of the regional states' links to NATO through the Partnership for Peace. When the Chechnya conflict flared up again in 1999, it had no obvious immediate effect on US policy, just as it had had no such effect in the first phase of the conflict (1994-1996).

At a domestic level, the United States continued to support democratic reform, but was not too exercised when it didn't go anywhere in particular (as in Azerbaijan). The American government also provided capacity building for economic reform. The humanitarian phase of US assistance policy in region was largely wound up, with the exception of continuing contribution to the support of Azeris displaced from Karabakh and the occupied territories. On the whole, the region was not significant to US foreign policy as a whole and there is not much further to say about it during this period.

The Bush Administration

The Bush Administration continued the main lines of the policy it inherited (a continuing emphasis on sovereignty, access to Caspian Basin energy resources and the continuing development of the Caucasian energy transit corridor, conflict resolution, democratic transition, and economic transformation). Perhaps the most notable US initiative of the period was the effort by Colin Powell to bring a series of bilateral meetings between the Armenian and Azerbaijani Presidents to a successful conclusion through personal mediation over four days in Key West in April 2001. This attempt foundered in the face of the continuing disagreement of the two sides, in particular on the eventual status of the Karabakh region.

Further development of the Bush Administration's approach to the region was influenced strongly by the attacks on New York and the consequent declaration of the war on terror. International terrorism has never been a significant problem in the southern Caucasus, and the region was marginal to US and coalition operations in Afghanistan.¹⁷ But the Chechen insurgency did have substantial connection to Afghan mujahedin and also to the Al Qaeda network. The second Chechen War spilled over into Georgia's Pankisi Gorge, as fleeing civilians and fighters crossed the border seeking refuge from Russian attacks. The Russian Federation strongly pressured Georgia to control the problem¹⁸, and – as part of the general commitment to supporting the sovereignty of the Caucasian states – the United States responded by providing training assistance and equipment to Georgian forces involved in the counter-terrorism operation.

¹⁶ See Annex 14 to OSCE, "Istanbul Document 1999", 1999, http://www.osce.org/documents/mcs/1999/11/4050_en.pdf (Accessed on 15 July 2009), p. 252

¹⁷ The United States successfully sought overflight rights for military aircraft en route to Central Asia and Afghanistan. Central Asia, in contrast, played a major role in supporting coalition operations in Afghanistan. The US – with Russian acquiescence if not support – quickly arranged access to a major air base in southern Uzbekistan, as well as to the Manas airport in Kyrgyzstan. Once the Taliban government was overthrown, these facilities became less important to US operations. However, as the United States and NATO face increasing difficulty in sustaining logistics through Pakistan, these facilities have regained significance.

¹⁸ In addition, on a number of occasions, Russian forces violated Georgian airspace to conduct bombing operations.

Policy evolved further after the 2003 “Rose Revolution” in Georgia. Policy towards Karabakh was stalemated by the intransigence of the parties. The capacity of the United States to pursue democratization in Armenia and Azerbaijan was constrained, on the one hand, by the strong support of the Armenian state by America’s Armenian minority and, on the other, by the imperatives of maintaining access to Caspian energy.

No such constraints existed with respect to Georgia. The United States had gradually distanced itself from President Shevardnadze¹⁹ who was widely perceived both inside and outside Georgia to be increasingly ineffectual and tainted by systemic corruption, including corruption involving members of his immediate family and circle. The American government encouraged the development of civil society groups that ultimately challenged the government over allegedly rigged parliamentary elections. When a standoff emerged, the United States withheld support and the government fell. The United States quickly embraced Shevardnadze’s successor, who was well-connected with neoconservative circles in the United States and who benefited from a well-oiled lobbying operation in Washington. The relationship was cemented by President Bush’s visit to Georgia in 2005, and rapidly became personalised. Given the difficulties faced by the United States in Iraq and the manifest failure of neoconservative aspirations to launch a wave of democratic transformation in the Middle East, and growing domestic difficulties (*e.g.* the Administration’s incompetent response to the destruction of New Orleans by Hurricane Katrina) the appearance of success in democratisation in Georgia became all the more important; the Bush Administration needed a success story. Moreover, the new Georgian government proved willing to provide a substantial military contribution to the coalition attempting to stabilise Iraq. There is a certain irony here. The close personal relationship between the two presidents, and the American need for a success in democratisation led the United States to disregard the clear retreat from democratic practice in Georgia under President Saakashvili.²⁰ Despite the evidence, the US Administration granted the Georgian government eligibility for Millennium Challenge Account assistance, upgraded US military assistance, and, in 2007-8, strongly supported Georgia’s (and Ukraine’s) doomed applications for NATO Membership Action Plans (MAP).

The wider context of American policy in the Southern Caucasus was also changing. It was becoming clear that Russia had substantially recovered as at least a regional power. Government power had been reconsolidated at the expense of the Duma and the regions, the oligarchs had been tamed, and Russia was reinvesting in its military. Its effort to control insurgency in Chechnya had by 2005 been more or less successful. Its policies towards the former Soviet region were becoming increasingly assertive and exclusionary. Russia, conscious of American overstretch and the limits it placed on the US to dominate the system through

¹⁹ By this time, and in view of generational change in the US leadership, the influence of personal ties to Shevardnadze had declined.

²⁰ For a reasonably clear indication of this deterioration, see the annual ratings of Freedom House from 1999 to 2008, in Elizabeth Fuller, *Nations in Transit 2009: Georgia*, New York, Freedom House, 2009. <http://www.freedomhouse.org/images/nit2009/georgia-final.pdf> (Accessed 20 July 2009).

the exercise of power²¹, increasingly openly claimed a sphere of special interest in the region. Growing European dependence on Russian energy supply provided a coercive instrument in Russia's relations with the Baltic states, Ukraine, and Georgia. Russian efforts to curb US engagement in Central Asia and to control the export of energy from that region were also increasingly evident. Dmitri Trenin summarised Russian interests in the region well. These included:

[P]reventing the disintegration of Moscow's control of the North Caucasus; thwarting other nations', especially the United States', efforts to win formal allies and deploy forces to the South Caucasus; establishing Russia's primacy in the South Caucasus as the primary external power; [and] retaining as much control over the oil/gas transit routes from the Caspian Basin as possible ...²²

The tensions with Bush Administration preferences were clear.

In the meantime, Russia's post 9/11 decision to support the United States in the war on terror had been superseded by growing disillusionment over the way the United States was managing its relationship with Russia and Russia's neighbours. As Prime Minister Putin put it recently, "after the end of the cold war someone in the United States believed the illusion that they might act without any rules in place at all, just as they want, as they like."²³ Russia's discomfort over NATO's approach to the Kosovo question was exacerbated by the move of the US and many of its NATO allies to recognise the sovereignty of Kosovo in 2007-2008. Russia's unhappiness over further NATO enlargement, an enlargement that in 2004 included three former Soviet republics (Estonia, Latvia, and Lithuania), was ignored, as was Russia's claim to a sphere of privileged interest in the former Soviet space. The Bush Administration's decision to withdraw from the Anti-Ballistic Missile (ABM) Treaty and then to forward deploy ballistic missile defences in former Warsaw Pact countries (Poland and the Czech republic) confirmed Russia's perception that the United States felt it could safely ignore Russian strategic preferences. Its advocacy of the further deepening of NATO engagement in the former Soviet Union in 2007-2008 was likewise perceived as evidence of indifference if not hostility towards Russia's strategic preoccupations.²⁴ The Russian

²¹ See Fyodor Lukyanov, "Learning the Skills of Being a Regional Power," *Moscow Times* No 4106 (18 March 2009).

²² Dmitri Trenin, "Russia in the Caucasus: Reversing the Tide," *The Brown Journal of World Affairs* XV, No. 2 (Spring-Summer 2009). <http://www.bjwa.org/article.php?id=ae7cG2kZZUW4689bkL1wXWMRI2zJUEsopqHs1H6M> (Accessed on 10 August 2009).

²³ Vladimir Putin, "Putin Pledges \$500 million for Security Purposes in Abkhazia," *Russia Today*, 12 August, 2009, http://www.russiatoday.com/Top_News/2009-08-12/putin-interview-abkhazia-georgia.html (Accessed on 13 August 2009).

²⁴ For an authoritative expression of tensions between the Russian Federation and the United States over the CIS, European security architecture, NATO enlargement, the structure of international order, nuclear parity and missile defence, and US unilateralism and democracy promotion, see Sergei Karaganov, Dmitry Suslov, and Timofei Bordachev, *Reconfiguration, Not Just a Reset: Russia's Interests in Relations with the United States of America*, Paper prepared for "Russia and the United States: Rethinking Interests: Conference of the Russian-American Section of the Valdai Discussion Club", 1 July 2009, http://en.rian.ru/valdai_op/20090701/155399564.html, section 3.3. See also James Sherr, "The External Implications," in Svante Cornell and Frederick Starr, *The Guns of August 2008: Russia's War in Georgia*, New York, ME Sharpe, 2009.

government, both before and after the April 2008 Bucharest NATO Council meeting that considered the question of a MAP for Georgia and Ukraine, made clear that further NATO enlargement into the post-Soviet space was unacceptable.

In short, Russia was recovering, and was evidently irritated by being ignored in American policy. Perhaps the largest shortcoming of the Bush Administration's Caucasus policy was its failure to recognise and to understand this shift in the strategic context.²⁵ As two analysts commented:

The strong personalized ties that developed between Washington and Tbilisi prevented the United States from using its power and influence to credibly restrain the Saakashvili government from adopting a military solution.²⁶

This blindness was instrumental in the advent of war between Russia and Georgia over South Ossetia in the summer of 2008, a war in which Georgia's president appeared to believe he had a security guarantee from the United States and the Russian leadership demonstrated its belief that any guarantee that might exist was not credible, that the costs of defying American preferences were manageable, and that Georgia was a good place to make its point about primacy in the Southern Caucasus.

To summarise, Russia appears to have provoked a Georgian attack on the secessionist region of South Ossetia. It then swiftly responded with a massive retaliation, clearing South Ossetia of Georgian forces, removing Georgian enclaves within South Ossetia and Abkhazia, and destroying strategic targets throughout Georgia. This was soon followed by Russian recognition of the sovereignty of the two territories and the establishment of diplomatic relations. In the next several months, Russia vetoed continuation of the two longstanding multilateral security engagements in Georgia – the UN Observer Mission in Georgia (UNOMIG) which had a monitoring and confidence-building role in and around Abkhazia and the OSCE Mission of Long Term Duration in Tbilisi, which had an observation and reporting role in South Ossetia and its environs.²⁷

Despite prior expressions of support for Georgia that may have led the Georgian leadership to believe that they had an implicit security guarantee from the United States²⁸, Washington looked on as Russia took apart Georgia's Army and bombed military and other strategic installations within Georgia with impunity.²⁹ The war put the Bush Administration into a very difficult position, since it raised doubts about the credibility of implicit US commitments and undermined the reputation, and therefore the position, of the US both

²⁵ For a similar assessment, see Ivan Krastev, "The Guns of August: Non-event with Consequences", 5 August 2009, <http://www.openDemocracy.net>, p.2

²⁶ Alexander Cooley and Lincoln A. Mitchell, "No Way to Treat Our Friends: Recasting U.S.-Georgian Relations," *The Washington Quarterly*, Vol.XXXII, No.1, 2009, p.28

²⁷ See Vicken Cheterian, "Georgia: Between War and a Future," 8 July 2009, <http://www.openDemocracy.net>, p. 1, (Accessed on 15 July 2009).

²⁸ For a discussion, see Cooley and Mitchell, "No Way to Treat Our Friends," p.35.

²⁹ As Cheterian points out, the lack of a more direct intervention from the US was greeted with great bewilderment in Tbilisi. *Ibid.*, p.6.

in Georgia and in the region as a whole. It also highlighted the absence of any strategic approach to the Russian Federation. The waning months of the Bush Administration were devoted to damage limitation. During the war, American remonstrations with the Russians may have halted the Russian military's advance towards Tbilisi, thereby preventing Russia from achieving one of its objectives – the removal of President Saakashvili. After a misguided attempt to raise anew the issue of Georgia's MAP at the December NATO ministerial, the US concluded a bilateral agreement on strategic cooperation with Georgia.³⁰

The war in Georgia had wider implications in the region of relevance to US policy, not least because the outcome substantially increased Russian military presence south of the crest of the Caucasus range while partially dismembering a regional state. Azerbaijan had had an ambiguous relationship with Russia (and with the United States) for many years. Too close a relationship with Russia was difficult given Russia's historical support of Armenia in respect of Karabakh, and in view of Azerbaijan's wish to avoid Russian control over the transport of its energy resources. On the other hand, the capacity of Russia to interfere with Azerbaijani was clear. Close ties to states outside the post-Soviet space had some deterrent value in respect of Russia. However, the Azerbaijani government was (and is) uncomfortable with the democratic streak in US foreign policy. The result has been a balancing act.

The war caused a slight tilt towards the Russian Federation, evident, for example, in the muted Azerbaijani response to Russia's aggression and, more recently, in the 29 June 2009 Azerbaijani decision to sell a portion of its gas exports to Russia.³¹ The deal, however, covered 500 million cubic metres of gas, approximately 2% of Azerbaijan's total production and the gas was priced at a higher than market price \$350 per thousand cubic metres). In addition, it covers only one year. Azerbaijan followed this decision by signing an intergovernmental agreement on the development of the Nabucco project on 13 July, 2009, leaving the impression that one Azerbaijani objective was to focus Turkey and the EU on moving this large project forward.³²

In respect of Armenia, one of the more surprising consequences of the war was an exploration of reconstruction of ties with Turkey, not least in President Gul's visit to Armenia in September 2008. It is clear that any improvement in Armenian-Turkish relations and the removal of the border closure would require an agreement on Karabakh that was acceptable to Azerbaijan. Armenia also failed to endorse Russia's actions in Georgia in the Collective Security Treaty Organization (CSTO) and CIS contexts.

³⁰ "United States-Georgia Charter on Strategic Partnership", 9 January 2009, <http://www.america.gov/st/texttrans-english/2009/January/20090109145313eafas0.2139093>, (Accessed on 20 July 2009).

³¹ See TRT, "Azerbaijan and Russia Sign New Gas Deal" 30 June 2009, <http://www.trt.net.tr/international/newsDetail.aspx?HaberKodu=e8580ddc-15cd-4555-b963-97d064bce6a4>, (Accessed on 15 July 2009).

³² Vladimir Socor, "Azerbaijan Boosts Implementation Prospects of Nabucco Intergovernmental Agreement", 17 July 2009, http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Bsword%5D=8fd5893941d69d0be3f378576261ae3e&tx_ttnews%5Bany_of_the_words%5D=socor&tx_ttnews%5Bpointer%5D=1&tx_ttnews%5Btt_news%5D=35282&tx_ttnews%5BbackPid%5D=7&Hash=a27601830f, (Accessed on 25 July 2009).

The open question here is what the Armenian calculus is. One simple point regarding Armenia's position in respect of Russia's invasion of Georgia is that Armenia cannot afford to alienate Georgia so long as the Turkish embargo is in place; Georgia provides Armenia's only access to the sea. Another is a concern about the implicit questioning of international legal principles (non-use of force, territorial integrity) evident in Russian behaviour. Generally speaking small new states are uncomfortable with great power aggression.

Whatever the case, there was a substantial acceleration in the long-stalled effort to produce a solution to the Karabakh conflict.³³ Both regional states seem more interested than they were in putting the unresolved conflict behind them so that they can better deal with new strategic realities in the sub-region. In short, all three states have entered a new and complex strategic landscape.

To summarise, the major potential systemic driver of American policy in the Southern Caucasus (Russia) was weak for much of the period in question. In consequence, that policy reflected a wide array of economic (access to Caspian energy), domestic political (e.g. the Armenian diaspora's weight in policy-making on Armenia and Karabakh), and ideational (democracy promotion) factors. To an extent, various bits of US policy towards the region were captured by particular interests and lobbies within the American policy process (the energy industry regarding Azerbaijan, Armenian-Americans regarding Armenia and Karabakh, and neoconservatives around President Bush in respect of Georgia). To put another way, American policy was inchoate and more than occasionally contradictory (*viz.* policy perspectives on democratic transition in Azerbaijan versus Georgia, and the tensions between Armenia and Azerbaijan over Karabakh).

By the end of the Bush Administration, however, the increasing salience of Russian policy in the region (on energy, on regional security, and on the regional structure of power), coupled with growing Russian capacity, the deep deterioration of Russia's relations with that favourite of the Bush Administration, Georgia, and the crisis in US-Russia and NATO-Russia relations occasioned by Russia's war with Georgia necessitated a fundamental rethinking. This rethinking was also favoured by the general overstretch of US military forces globally, and a profound economic crisis.

The Obama Administration

These changes in the strategic situation coincided with the election of a new US Administration. It is too early to say much of a definitive nature about the Obama Administration's policy going forward, not least because policy towards the Caucasus (and Russia) has been subject to careful ongoing review. The challenge for the United States in this context is multifaceted. Current American objectives with regard to the Caucasus

³³ For early evidence, see the "Moscow Declaration" in November 2008, when the Presidents Aliyev, Sarkisian and Medvedev reaffirmed their commitment to a political solution, endorsed the Madrid Principles, and agreed on the need for credible international guarantees of the settlement. The Declaration is discussed in Liz Fuller, "Moscow Declaration2: A Victory for Armenia," RFE/RL (2 November, 2008).

cannot be separated from the effort to improve relations with Russia. US objectives with regard to Russia include renegotiating the bilateral strategic arms reduction agreement, securing greater cooperation on the war in Afghanistan, diminishing the negative impact of BMD deployment on the bilateral relationship, strengthening the non-proliferation regime and attaining a higher level of Russian cooperation *vis-à-vis* Iran and North Korea, and clarifying how Russia fits in to the European and global security architectures. As part of the latter, the United States seeks agreement on Russia's role in the former Soviet region.

The fundamental question with respect to US policy in the Caucasus is how to square American preoccupations in this sub-region with the larger construction of a positive and mutually beneficial relationship with the Russian Federation. At the time of writing, several trends seem apparent. One is a re-embrace of multilateralism in the US approach to the region's security problems. The United States strongly supported the EU effort to mediate a ceasefire in Georgia's war and the deployment of an EU Monitoring Mission to monitor the cease-fire. There were indications in January 2009 of an American preference for the EU to take a stronger role in this region, as part of a larger transatlantic division of labour.³⁴ Stepping aside in favour of the EU (and also, arguably, Turkey) would have the advantage of reducing the risk that disagreements in the Caucasus would pollute the effort to reset the relationship with the Russia Federation. The problem here, of course, is that the EU appears to be incapable of strategic action in the Caucasus because it is incapable of having a strategy towards Russia itself.

Second, in respect of Georgia, there is evidence of a depersonalization of the relationship with President Saakashvili.³⁵ Statements leading up to, and during, the visit of Vice-President Biden to Tbilisi in July 2009 suggest a belief that the process of democratization is incomplete, coupled with support for further democratic and economic reform in Georgia. Statements of support for Saakashvili himself are rare.³⁶ This has reportedly been accompanied by strong private pressure on Georgia's president to open up the media, to revise the balance of power between Parliament and the Executive, to progress judicial reform, and to recalibrate the electoral law.³⁷ This more critical perspective on Mr. Saakashvili reflects two factors at least: a belief that Georgia's president bears some degree of responsibility for the war and for the problems arising therefrom in US-Russian relations;

³⁴ Interviews in London, February 2009.

³⁵ See Lionel Beehner, "Letter from Tbilisi: Georgia's Change of Fortune," *Foreign Affairs*, Vol. LXXXIV, No. 4, 2009, See also Donald Rayfield, "The Georgia-Russia War, A Year On," 7 August 2009, <http://opendemocracy.net>, p. 2, (Accessed on 10 August 2009).

³⁶ A quick read of Biden's address to the Georgian Parliament on the 23rd of July 2009 is indicative. He stressed that the United States stands by Georgia (*i.e.* the country and not the person). He also stressed the American expectation that further progress was needed on government transparency and accountability, effective legislative debate, electoral reform, media independence, judicial independence, and redefining the balance of power between the Executive and the legislature. He also stated that there was no military option for reunification of the country. "Remarks by the Vice-President to the Georgian Parliament" 23 July 2009, http://www.whitehouse.gov/the_press_office/Remarks-By-The-Vice-President-To-The-Georgian-Parliament/, (Accessed on 30 July 2009).

³⁷ Interviews in Tbilisi, July 2009.

and a recognition that, in fact, Georgia is not a democracy and has been moving in the opposite direction under President Saakashvili.

On the other hand, the United States has repeatedly and strongly reaffirmed its commitment to the territorial integrity of Georgia, and its unwillingness to recognise the Russian-occupied breakaway Georgian regions of South Ossetia and Abkhazia and to accept Russia's claim to special rights and responsibilities in the former Soviet region. Vice-President Biden also called for Russian compliance with the terms of the 12 July 2008 ceasefire accord, including the full withdrawal of Russian forces not only from areas of Georgia outside the two breakaway regions, but also, eventually, from those regions themselves.³⁸ The Obama talks with Medvedev in Moscow in July were marked by substantial disagreement on these issues. However, the two sides apparently agreed to leave this disagreement aside and to move forward on other elements of the bilateral agenda, leaving resolution of the Georgia matter for another day.

Georgia-American security cooperation clearly displays the modulated and cautious approach of the United States to balancing their relationship with Georgia with the sensitivities of Russia in the area of sub-regional security. The Georgian application for a NATO MAP appears to have fallen off the current agenda.³⁹ The United States has not acceded to Georgian requests for assistance in rearmament (notably anti-aircraft and anti-tank systems). On the other hand, the United States, like other NATO allies refused to bend to Russian pressure to cancel a planned May 2009 PfP exercise in Georgia.⁴⁰ In August, the United States announced a modest resumption of its train and equip programme in Georgia (GTEP) for the specific purpose of preparing Georgian troops for service alongside the Marines in Afghanistan. Prior consultation with Russia and assurance that the form of training provided was focused on counterinsurgency rather than conventional operations, coupled with stress on the mutual Russian-American interest in the stabilisation of Afghanistan, was designed to forestall Russian criticism. The picture, then, is one of cautious and somewhat sceptical management of the Georgian-American security relationship with careful consideration of how this bilateral relates to evolving US relations with Russia.

Turning to other matters in the region, the United States has reaffirmed its support for the NABUCCO gas line from Azerbaijan to Europe, thereby underlining its continuing

³⁸ Biden, "Remarks by the Vice-President."

³⁹ See, for example the cautious wording of paragraphs 29 and 31-32 of the NATO "Strasbourg/Kehl Summit Declaration" (4 April 2009), and the commentary in Pierre Razoux, "What Future for Georgia," *NATO Research Paper*, If there is, volume number is needed, No. 47 (Rome: NDC: June 2009), p.7 where it is argued that NATO has made movement towards membership conditional upon democratic, electoral, and judicial reforms, as well as (implicitly) on a peaceful negotiated solution to "the disagreements between [Georgia an] Russia, Abkhazia, and South Ossetia."

⁴⁰ In addition, in July 2009, contemporaneously with large Russian naval exercises in the northern Black Sea, the guided missile destroyer USS Stout visited Batumi and Poti to participate in a bilateral Georgian-American naval exercise. See, "USS Stout to Make Port Call in Batumi", 14 July 2009, <http://georgia.usembassy.gov/latest-news/2009-press-releases/uss-stout-to-make-port-call-in-batumi-july-14.html>, (Accessed on 27 July 2009).

commitment to free access to Caspian Basin production. In addition, and in cooperation with Turkey, France, and the Russian Federation, it has made a strong effort at the highest level to reinvigorate the Nagorno-Karabakh peace process. The recent declaration of the three co-chairs of the Minsk Group is illustrative. The declaration is a concrete indication of the capacity of Russia and the United States to put their differences aside where there is potential for resolving an issue that is inconvenient for both of them. Both powers find the Karabakh conflict to be a distraction from their larger policies in the region, and to be an annoying impediment to their efforts to develop relations with both sides in the conflict. In addition, the Russian side wished to highlight that the Georgia events were an exception and that Russia could be an effective broker of peace in the region. The result was this “unusual declaration” renewing the Madrid principles of 2007 and delivering something close to an ultimatum to the parties to get on with it.⁴¹

Conclusion

To conclude, for much of the period since the end of the Cold War American policy in the Southern Caucasus wandered in the void, lacking a strong strategic impulse. This resulted from the absence of any deep historical involvement and of any strategic urgency. The result was foreign policy *à la carte*. The resurgence of Russia as an assertive regional power altered the strategic landscape. Events in Georgia in 2008 highlighted the capacity for the region to generate significant difficulties in the American effort to manage their relations with Russia. The result, recalling the discussion of policy drivers at the beginning of this article, was a resurgence of the strategic concerns and the marginalization of domestic political, ideological, and personal factors in US policy formulation. Recalling the earlier mention of the choice between cooperation and competition, current American policy seems to be one of seeking cooperative outcomes where possible, while making clear the line beyond which Russian unilateralism is unacceptable. In addition, the trend is towards reducing the profile and exposure of US diplomacy in the region and to encourage partners (*e.g.* the EU in respect of Georgia and Turkey in respect of Karabakh) to share the burden.

⁴¹ See White House, “Joint Statement on the Nagorno Karabakh Conflict”, 10 July 2009, http://www.whitehouse.gov/the_press_office/Joint-Statement-on-the-Nagorno-Karabakh-Conflict/ (Accessed on 20 July 2009). See also the comments by Sergei Markedonov, “Strategia Mirovtvorcheskovo Uskorenia” 13 July 2009, <http://www.politcom.ru/print.php?id=8492>, (Accessed on 20 July 2009), and Paul Goble, “Minsk Co-Chair Presidents Press for Karabakh Settlement”, 15 July 2009, http://www.ada.edu.az/bwprint.php?itemid=20090720102623660&sec_id=241 (Accessed on 20 July 2009). The reference to the unusual quality of the declaration is in Goble. Of course this does not mean that there will be a settlement. None of the three co-chairs has sufficient influence over the parties to induce them to agree. The two leaders face very powerful domestic constraints on their capacity to compromise on the Karabakh issue.

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