

# BAKU DIALOGUES

POLICY PERSPECTIVES ON THE SILK ROAD REGION

Vol. 6 | No. 4 | Summer 2023

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ISSN Print: 2709-1848  
ISSN Online: 2709-1856

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Published by  
Institute for Development and Diplomacy, ADA University  
Baku, Azerbaijan

Under the editorial direction of  
Dr. Fariz Ismailzade, Editor-in-Chief  
Vice Rector for Government, External, and Student Affairs, ADA University  
Director, Institute for Development and Diplomacy

In conjunction with  
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# Table of Contents

Vol. 6 | No. 4 | Summer 2023

## *Essays*

- 6 A Model for Connectivity: Hungary's Strong Bond with the Turkic World  
*Balázs Orbán*
- 20 On Some Conceptual Advantages of the Term 'Silk Road Region': Heralding Geopolitical and Economic Emancipation  
*Damjan Krnjević Mišković*
- 36 Türkiye, Russia, and their Rules-Based Competition  
*Daria Isachenko*
- 50 The GCC and Geopolitics: Navigating Challenges and Maximizing Influence  
*Urs Unkauf*
- 60 Awakening Peripheries in the Great Power Clash Zone: Can Eastern Europe, the South Caucasus, and Central Asia Come Together?  
*Jakub Korejba*
- 84 When the Economic Road Ends: Is Another Great Depression on the Horizon?  
*Tuomas Malinen*
- 106 What Teaching Was Thucydides Trying to Convey? And Why It Remains So Important for Us Today  
*David Polansky*

## *Reminiscence*

- 122 The "Night of Sapper Blades": My Diplomatic Beginnings and Lessons from StroboTalbot  
*Tedo Japaridze*

# A Model for Connectivity

## Hungary's Strong Bond with the Turkic World

*Balázs Orbán*

For more than one thousand years, Hungary has existed in the heart of Europe, drawing from our rich history and unique geographic location. Sovereignty has emerged as a cornerstone of our national strategy, influenced by our past and our geography. While we align ourselves with the West, we also cherish our Eastern heritage. Taking a pragmatic approach, we strive to build meaningful connections and engage with the non-Western world. Balancing our Western ties with our Eastern roots, Hungary seeks to foster productive relationships and promote connectivity across diverse global landscapes.

In the early 1990s, Central Europe experienced significant regime changes as countries liberated themselves from four decades

of communist rule and reclaimed their independence. However, in Hungary and other Central European states, the political elite failed to fully leverage this newfound sovereignty. While the aspiration to reintegrate Hungary into the Western cultural, economic, and political sphere was well-founded—as our country had a century-long history of belonging to the West—the emphasis on this objective led to a neglect of our relationships with the non-Western world. This oversight occurred despite clear and indisputable indications that the non-Western world was quickly catching up with the West.

Subsequent governments, driven by political loyalty to the West, overlooked the vast potential Hungary possessed in terms of economic

*Balázs Orbán is Political Director of the Prime Minister of Hungary, a member of the Hungarian Parliament, Chairman of the Board at Mathias Corvinus Collegium, and Chairman of the Advisory Board of the Ludovika University of Public Service. The views expressed herein are his own.*

and cultural relations with the non-Western world—particularly through pragmatic diplomacy. However, a significant shift occurred after the landslide victory in 2010, when the Viktor Orbán government took charge and decided to change course. Since then, connectivity has become the central guiding principle of our foreign policy and our foreign economic policy, emphasizing the importance of forging meaningful connections, diversifying trade, forging value chains, establishing diplomatic relations with multiple regions, all the while also preserving our national sovereignty in the process.

Our collaboration with the Turkic world is a clear demonstration of our ability to implement our strategy. A decade ago, Hungary initiated our Eastern Opening Policy, which has become a key component of our connectivity strategy, with a special focus on Turkic countries. Over the past ten years, we have witnessed tangible outcomes: the trade volume between Hungary and the Turkic states has doubled, and we have

developed extensive cooperation in higher education and the defense industry. Additionally, the Turkic states—particularly Türkiye and Azerbaijan—have played a crucial role in ensuring Hungary's energy security. What truly sets apart our collaboration with the Turkic countries is the cultural affinity and the mutual sentiment that accompanies it. This is evident from Hungary's unique status as the only Western country with observer status in the Organization of Turkic States (OTS).

We find ourselves in a challenging period marked by major geopolitical and geo-economic transformations due to ongoing conflicts. There is a growing probability of a multipolar world emerging, divided into blocs similar to the situation that characterized the Cold War era. Nevertheless, we firmly believe that despite all these challenges, our common perspective on sovereignty and global connectivity will not only help us navigate these challenges but also deepen the bond between Hungary and the Turkic states in the future.

*Hungary will remain committed to its balanced multi-vectoral foreign policy. In the age of risks, we have to diversify, and both the OTS and its member states provide great opportunities for cooperation.*

## The Hungarian Connection

Our rich Eastern, and particularly Turkic, heritage has not only captivated the scientific community but also influenced our political landscape. Exploring and understanding our Turkic cultural roots served as a significant reference point for shaping our self-image and identity, especially during the prolonged periods of Habsburg and Soviet rule, which intentionally distorted our Hungarian identity. As disillusionment grew among Hungarians during the transition to liberal democracy, our Turkic heritage provided a source of inspiration and momentum, prompting political communities to actively engage with it.

Little known to the outside world, there is a serious debate raging in Hungary about the origins of our nation. Two prominent schools of thought have emerged. One asserts that Hungarians belong to the Finno-Ugric grouping of nations, sharing deep connections with Finns, Estonians, and small Uralic communities in present-day Russia; the other emphasizes that the Hungarians are

more connected to the Turkic people culturally and even linguistically, having migrated from the Central Asian steppes to the Carpathian Basin during the Migration Period. Although Hungarian historians fiercely debate our origins, one undeniable fact remains: Hungarian tribes have had extensive interactions with Turkic tribes and nations for the past two millennia, leading to significant cultural and historical connections with the Turkic world.

The rise of the Turkic school gained momentum in the 1910s, presenting an alternative to Habsburg rule by emphasizing the non-Western aspect of Hungarian identity. The establishment of the Hungarian Asiatic Society in 1910 aimed to deepen understanding of Asian nations and leverage this knowledge to advance Hungarian foreign policy and the nation's economic interests. Renowned figures of the time, including geographer Jenő Cholnoky, explorer Ármin

Vámbéry, and future prime ministers Pál Teleki and Mihály Károlyi, were members of the Society. Teleki, a prominent geographer, authored the inaugural article of the Society's journal,

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*Balancing our Western ties with our Eastern roots, Hungary seeks to foster productive relationships and promote connectivity across diverse global landscapes.*

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*Túrán*, proclaiming, "To the East, Hungarians!" The Society organized and funded numerous expeditions to the Caspian Sea, the Aral Lake, and the Caucasus Mountains, amassing valuable ethnographic materials and firsthand knowledge from these regions. The Society also tried to increase Hungarian exports to the Ottoman Empire and invited students to Hungary from the whole Turkic world.

During the 1930s and 1940s, as well as under communist rule, political discourse in Hungary was constrained by ideology. It was only with the regime change in the late 1980s that this discourse began to regain its vitality. Following our re-emergence as a free nation in 1989, interest in the Turkic connection resurfaced. Ethnographers—who had played a significant role in opposition movements during the 1980s—were among the first to explore this connection. Subsequently, historians embarked on archeological and ethnographical expeditions to the southern slopes of the Ural Mountains in Kazakhstan. Their research yielded substantial evidence supporting the

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Turkic-oriented scholarly group of Hungarian history, shedding light on the origins of the Hungarian nation. In the 2010s, the field of archaeogenetics further reinforced these findings, revealing

that Turkic people have a more significant presence in the Hungarian nation's cultural and tribal mix than previously understood.

## History Meets the Present

Together with our ongoing struggle for self-definition and a growing awareness of our historical ties to the Turkic nations, Hungary's foreign policy interests have also been directed towards fostering connections with Türkiye, Azerbaijan, and Central Asia. However, after the collapse of the Soviet Union and the subsequent economic and social challenges faced by both Hungary and the Turkic states, resources were limited, impeding meaningful engagement at that time. As we gradually recovered and regained stability, our focus shifted towards exploring and strengthening our connections and relationships to their fullest potential. We aimed to broaden our

horizons and embraced the opportunities for collaboration and cooperation from Tashkent to Tokyo.

Hungary has successfully integrated into the Western world, becoming a member of NATO in 1999 and the EU in 2004. Our close partnerships with Western countries have attracted significant foreign direct investment and fostered robust foreign trade. However, the 2008 economic crisis reminded us of the importance of not relying solely on one source. In 2010, as the newly-elected Hungarian government sought solutions to address the economic challenges inherited from the previous administration's mismanagement, we recognized the need to expand our trade and investment horizons beyond those offered by our fellow EU member states. Diversifying our portfolio became a priority in our pursuit of economic stability and growth.

Following the economic crisis, Hungary swiftly formulated its new foreign policy priorities. In 2013, the Eastern Opening Policy was introduced, signaling a renewed focus on our Eastern partners, spanning from Azerbaijan to China and Japan. Some have criticized this policy, suggesting that Hungary aims to distance itself from the West and its progressive values. However, our approach was

driven by pragmatism. With 80 percent of our trade and foreign direct investment stemming from the West, the vulnerabilities exposed by the 2008 crisis necessitated diversification as a matter of urgency and comprehensiveness. The financial crisis highlighted Hungary's imbalanced international economic dependencies, leaving the country susceptible to shocks. To enhance resilience, managing these interdependencies became crucial, ensuring that the benefits outweighed the drawbacks. Hungary's Eastern Opening Policy has emerged as a key component in this process of dependency management.

Furthermore, it has become evident that the global economic center of gravity is shifting towards the East, with Central and Eastern Asia expected to experience greater growth than the Western world in the coming years. Hungary recognizes the significance of participating in these processes to accelerate its own economic development. In the aftermath of the 2008 crisis, Hungary took measures to diversify its economy and reduce reliance on a few key trading partners. The country has actively sought foreign investment, particularly from Asian countries, and has prioritized strengthening economic ties with countries located in that part of the world.

In addition to deepening economic connections with China, Hungary has placed importance on fostering relationships with the Turkic states. Recognizing the shared cultural and historical heritage between Hungary and those nations, the government has focused on enhancing economic and diplomatic cooperation. Alongside economic diversification, Hungary has also aimed to strengthen its cultural and political ties with other parts of Asia. This includes promoting Hungarian culture and language in the region and establishing partnerships with Asian universities and research institutions.

By pursuing these strategies, Hungary seeks to position itself as a pivotal hub for trade, investment, and innovation between Asia and Europe. The country acknowledges the need to effectively manage interdependencies and diversify its economy for enhanced resilience against crises. Through active engagement with the dynamic Asian economies, Hungary aims to secure long-term economic growth and prosperity.

Hungary was not the only EU member state to recognize the importance of strengthening ties with Asian countries. All EU member states were actively seeking to enhance their relations with Asian

countries, with varying degrees of success. For example, China has become Germany's largest trading partner. However, what distinguished Hungary was its specific focus on the Turkic countries. While Türkiye, Azerbaijan, and Central Asia were not at the forefront of attention for the main Western countries in the early 2010s, Hungary's historical and cultural connections to those nations, along with the knowledge it had acquired over the past decades, led it to recognize the potential benefits and competitive advantages of engaging with the Turkic states. Hungary saw the opportunity to tap into niche areas where it could leverage its strengths and establish fruitful partnerships.

### *Rediscovery*

In the meantime, the Turkic states got back on their feet again, and in doing so began to organize themselves institutionally: the Cooperation Council of Turkic Speaking States (as the Turkic Council was formally called) was established in 2009 through the Nakhchivan Agreement. The name changed to the Organization of Turkic States (OTS) in 2021 during the Istanbul Summit. As Turkic cooperation began to take on a more concrete shape, it became logical for the Hungarian government to

look more closely at this nascent organization, and to take the necessary measures to build bridges with it. This eventually led to Hungary's inclusion in the Turkic Council in 2018 as an observer, a status we have retained ever since.

Lot of ink and bytes have been spilled to characterize the OTS as an attempt to reshape world order, promote minilateralism, project Ankara's more active foreign policy deeper past its eastern frontier, or to make use of cross-civilizational cleavages in the Huntingtonian manner to carve up Central Asia into different spheres of influence. However, the geopolitical dimension is not the main driving force of Hungary's involvement in the OTS.

The first reason we are engaging with the OTS is rooted in our history, culture, and strategic thinking. As noted above, Hungarians are defining ourselves through the virtues of patriotism, and our Turkic heritage is an integral part of that endeavor. Regardless of whether we are pro-Western or not, every Hungarian knows that our Easternness is a significant part of our national character and national inheritance, and therefore is one of the cornerstones of Hungarian national identity. This makes Hungary a bridge between East and West: the Turkic

world, from where we come, and the West, to which we belong. Our journey has been long, tiresome, and sometimes bloody, but Turkic persistence and the will to fight have kept us going even during the hard times.

Second, the Hungarian strategy of engaging with the OTS is based on the idea of connectivity. The concept of connectivity originates in the field of research on complex networks, and from there it has transitioned into the realm of political and public policy research. In terms of international relations, the best way to manage complex interdependencies is by using a connectivity-based strategy that involves building as many and as deep relationships as possible with different parts of the world. Increasing the number of connections not only enhances the significance of a state in international relations but also provides a driving force for the economy and increases a country's resilience and crisis resistance.

Beyond these general benefits, certain features of Hungary are particularly suitable for exploiting the opportunities inherent in connectivity. On the one hand, the country is located along civilizational fault lines, having good connections with actors from both the Western and non-Western worlds, which

makes it easy to play a mediating or pivoting role. On the other hand, numerous east-west trade routes pass through Hungary, making it possible for the country to become one of the regional distribution hubs for this trade. Hungary takes inspiration from those scholars that have identified earlier Azerbaijani efforts to position itself as a "keystone state" in its part of the world, and Budapest might consider one day to become such a country later on in the Central and Eastern European region.

We believe in ever closer ties with all countries around the world, not only in business and politics, but also in culture, education, research, and people-to-people contacts. Whoever is willing to engage in cooperation based on mutual respect and mutual interests is Hungary's natural partner, and we have found excellent and reliable partners in the OTS member states. With a twist of irony and history, other European countries have also now recognized this, after the northern overland route to China was blocked by the decision to impose sanctions

on Russia after it attacked Ukraine in February 2022; but Hungary's interest is not based on selfishness and greed. Not only did we start to invest in this relationship before it became trendy to do so, but we offered to serve the interest of the OTS as a whole by providing direct access to the European Union, and we also volunteered to establish and sponsor the first OTS Permanent Representation in the EU, which is currently headquartered in Budapest and hosts diplomats from all the OTS Member States.

Apart from economic cooperation, trade, and investment, which has doubled in the last decade, the cultural dimension of our engagement with the OTS is equally important. Hungarians cherish their Turkic origins, and scientific and educational cooperation has been booming in the past few years. Hungary is offering hundreds of fully funded Stipendium Hungaricum scholarships for university students from Turkic states to pursue full degree studies at Hungarian universities. Efforts are also being made to increase the number of

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Hungarian students studying in the OTS region. Special research centers in the field of agriculture are being established with OTS member states, and further projects are being discussed to solve the pressing problems of drought, desertification, and sustainable crop production in the Central Asian countries. We believe that, at the end of the day, these small differences do count and can really make a difference.

### *Looking Ahead*

Hungary will remain committed to its balanced multi-vectoral foreign policy. In the age of risks, we have to diversify, and both the OTS and its member states provide great opportunities for cooperation. Our participation in the OTS enables us to strengthen our national identity, enhances scientific and cultural cooperation with the Turkic States, and helps us to rediscover our roots. Our observer status in the OTS enables Hungary to act as a bridge between the OTS and the EU, thereby directly contributing to connectivity between Central Asia, the South Caucasus, Türkiye, and Europe.

Hungary's participation in the OTS also facilitates the strengthening of inter-civilizational

awareness and the expansion of related cultural and scientific cooperation; ensures our country's role as a bridge between the Turkic world and the EU through the implementation of Hungary's connectivity strategy; helps to execute our Eastern Opening Policy; contributes to the strengthening of the Hungarian economy; and increases Hungary's overall room for maneuver. Importantly, all of this is in line with the OTS's Turkic World Vision 2040 initiative. In this context, it is of particular importance that the benefits for Hungary in being a part of the OTS are complementary to, and reinforce, our bilateral relations with each of its member states.

Both academic scholarship and policy discourse concerning the Turkic world in general and the OTS in particular is primarily focused on two main aspects: the geopolitical one, which highlights the growing influence of Türkiye and other Turkic countries, and the economic one, which explores the benefits of cooperation among its members. Although Hungary both acknowledges and embraces the significance of these two aspects, a crucial third one also holds particular importance for us: the role of the OTS in fostering connections, bridging gaps, and enhancing mobility.

The OTS serves as a vital civilizational and diplomatic bridge, connecting the Turkic civilization with other important civilizations, such as the Western, Chinese, Indian, and Russian civilizations. Taken as a whole, the Turkic civilization generally conducts itself in a cooperative manner towards other civilizational centers and states, contributing to global balance and stability—not to mention the further enhancement of understanding and mutual respect between Islam and Christianity.

This civilizational perspective complements and advances existing approaches that were previously dominated by economic, national, class, racial, and colonial perspectives. Scholars like Niall Ferguson and Amitav Acharya have made significant contributions to this multidisciplinary field of study, particularly in deepening our understanding of the dynamics of our emerging multicivilizational and multipolar world order. By embracing this broader perspective, we stand to gain valuable insights into the complexities of global affairs and the role of civilizations in shaping international relations.

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*The Hungarian strategy regarding the OTS rests on two key principles: endorsing the organization's role as a bridge within the international system and promoting the partnership between the OTS and the EU.*

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The Hungarian strategy regarding the OTS rests on two key principles: endorsing the organization's role as a bridge within the international system and promoting the partnership between the OTS and the EU. Our objective is to enhance and reinforce global and bilateral connectivity. To achieve these strategic goals, practical measures must be taken, such as actively participating in OTS initiatives and fostering economic, cultural, scientific, and interpersonal relations with all its member states and partners.

This also requires for us to re-emphasize the role of geography, which means taking seriously the fact that both its importance and impact continues to shape the economic fortunes of any country. In this regard, as noted above, the Hungarian strategy is clearly focused on connectivity: trading and working together with all countries, who are willing to accept us and trade with us on equitable terms. But the foundation of trade is logistics and infrastructure, and the war in Ukraine once

again highlights the fragility of global transport and value chains, which has in turn hindered trade and investment between Europe and the world’s up-and-coming economic center, Asia.

In this regard, all the OTS member states are playing crucial roles. With the northern overland route between China and Europe all but officially closed for reasons discussed above, trade and goods will have to find a new way across the Eurasian landmass. Even a cursory look at the map tells us that the Turkic states are all lined up along the new (or, rather, the very old) Silk Road (I assume this is one reason this journal’s subtitle contains the phrase “Silk Road region”). Utilizing this opportunity might also propel Hungary to a position it envisages for itself in the future: to serve as a logistics and trade hub for Central, and later on, all of Europe. But to unlock this potential, we need partners, and the OTS member states are already valuable and reliable ones in what could turn out to be a generational undertaking.

The Middle Corridor, which is gaining importance on a daily basis, will offer a new opportunity for the entire European continent. But years of mistrust and unfounded criticism that different leaders from the EU and its member states have been voicing against some of the most successful South Caucasus and Central Asian states are obviously not helpful—particularly since it is manifestly in the interest of the European Union to build new connections with those countries—and with the “Silk Road region” as a whole.

Hungary’s special position, the network we have built, and the excellent cooperation we have with both the OTS and its member states can help the EU to overcome these issues. The Middle Corridor will be crucial for the future economic development of Europe, and we are willing and able to contribute to the development of this project. Different Hungarian companies are looking at how we can better connect the South Caucasus and Central Asia to the EU via air routes, and Hungary is a vocal proponent of fully

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*Our strategic cooperation with Türkiye, Azerbaijan, Kazakhstan, and Uzbekistan will enable us to play a leading role in the re-establishment of the Silk Road, to the benefit of all the countries along the way.*

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unlocking the potential of overland road and rail connections, too. Our strategic cooperation with Türkiye, Azerbaijan, Kazakhstan, and Uzbekistan will enable us to play a leading role in the re-establishment of the Silk Road, to the benefit of all the countries along the way.

But at the end of the day, our commitment to fair international cooperation, non-interference into the domestic affairs of UN member states, our genuine belief in connectivity, as well as our respectful attitude towards our partners will allow us to further enhance our relationship with the OTS and its

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*We will remain the Westernmost Eastern nation in the future as well, and our fellow Turkic nations will be able to count on our support.*

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member states. We do not only talk about connectivity: we put our money where our mouth is. From providing university scholarships to founding state-of-the-art research centers, from engaging the OTS member states at the highest political levels to down-to-earth people to people contacts, Hungary is ready and willing to further contribute to the development of the OTS, which we consider to be one of the most promising international organizations of our time. We will remain the Westernmost Eastern nation in the future as well, and our fellow Turkic nations will be able to count on our support. **BD**

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# Food System Management

The Food System Management (FSM) is an interdisciplinary master's program jointly offered by ADA University and the University of Bologna. The program aims to provide students with a comprehensive understanding of the complex and interrelated issues in the food industry and to equip them with the skills and knowledge needed to design and implement sustainable food systems.

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# ADA UNIVERSITY AT A GLANCE



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# On Some Conceptual Advantages of the Term ‘Silk Road Region’

## Heralding Geopolitical and Geo-Economic Emancipation

*Damjan Krnjević Mišković*

One part of the internal deliberations involving the re-launch of *Baku Dialogues* that took place in the second and third quarters of 2020 focused on the journal’s subtitle; another revolved around the language of our Editorial Statement, which we published in the Fall 2020 edition that ended the publication’s hiatus. What substantively held together these two threads was the question of what to call the part of the world in which Azerbaijan is located.

Since *Baku Dialogues* was not at any point envisioned to be an academic journal, we chose to

emphasize this fact by employing the term ‘policy perspectives’ in the subtitle. And we chose the term ‘Silk Road region’ to cover as broadly and non-preconceptionally as possible the geographic space that we expected the essays we would feature in our pages to perustrate.

### *The Silk Road Region Defined*

As we put it in our Editorial Statement, the ‘Silk Road region’ comprises that part of the world that *looks west past Anatolia to the warm seas beyond; north*

*across the Caspian towards the Great Steppe; east to the peaks of the Altai and the arid sands of the Taklamakan; and south towards the Hindu Kush and the Indus valley; and then looping around down to the Persian Gulf and back up across the Fertile Crescent and onward to the Black Sea littoral.*

As far as we were aware, neither the term nor its definition has been used in quite the same way by other publications, scholars, or practitioners.

That being said, the term ‘Silk Road’ is not new. In both its singular and plural forms, it is a German-language neologism whose author is commonly misidentified as Ferdinand von Richthofen. Although he did use it as early as 1877, a recent article by Matthias Mertens traces its first usage back to 1838 (by Carl Ritter). But it was only in the 1930s that the term gained popularity, thanks largely to the writings of Sven Hedin. The term began to be widely used on

*The Silk Road region comprises that part of the world that looks west past Anatolia to the warm seas beyond; north across the Caspian towards the Great Steppe; east to the peaks of the Altai and the arid sands of the Taklamakan; and south towards the Hindu Kush and the Indus valley; and then looping around down to the Persian Gulf and back up across the Fertile Crescent and onward to the Black Sea littoral.*

the other side of the Atlantic decades later, with the United States adopting the Silk Road Strategy Act in 1999 (a bit more on this below). Then, in 2011, David Petraeus conceived, and Hillary Clinton fleetingly championed, a New Silk Road Strategy, whose primary purpose was to integrate Afghanistan into a wider regional framework with U.S. tutelage (the “idea was to build infrastructure through Afghanistan, which in turn would strengthen the Afghan economy and foster transcontinental shared security,” in the words of one of the Strategy’s authors, Leif Rosenberger). Peter Frankopan, in his 2017 magisterial work *The Silk Roads: A New History of the World*, defined the scope of the region that is the subject of his book as “the halfway point between east and west, running broadly from the eastern shores of the Mediterranean and the Black Sea to the Himalayas.” And so on.

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Be that as it may, *our* choice of term and corresponding definition reflected, as we put it, a triple intention. “First, to cover broadly topics of geopolitical relevance to the overlapping set of regions to which Azerbaijan and its neighbors belong.” This sentence was followed by the purposefully ambiguous geographical definition reproduced above. Our second intention, as indicated in the *Baku Dialogues* Editorial Statement, was to “focus on contemporary cross-cutting issues that impact on the international position of what we view as one of the few keystone regions of global affairs, ranging from energy politics and infrastructure security to economic development and cultural heritage.” And our third and final reason for choosing the subtitle that we did was to indicate our “deep-seated conviction that the comprehensive rejuvenation of a vast region that stood for centuries at the fulcrum of trade, innovation, and refinement requires both a healthy respect of frontiers as sovereign markers of territorial integrity and a farsighted predisposition to ensure the region can continue to grow as a strategic center of attraction for capital, goods, talent, and technologies.”

The foregoing was sublimated in what we called the “editorial premise of *Baku Dialogues*,” namely

that “the Silk Road region is and will remain an important seam of international relations, continuing to serve as (i) a significant political and economic crossroads between various geographies; (ii) an important intercessor between major powers; and (iii) an unavoidable gateway between different blocks of states, regional associations, and civilizational groupings.”

Subsequent events, near and far, as well as their multiplying geopolitical and geo-economic consequences, have strengthened *my* conviction that our choice was both correct and prudent: no other term is at once more holistic and less riddled with semantic baggage. It is not perfect, of course, but then few monikers truly are. (We have actively encouraged our authors to use the term ‘Silk Road region’ in the essays that appear in *Baku Dialogues* or other publications under the auspices of the Institute for Development and Diplomacy.)

### *Alternative Monikers*

Consider the main alternative terms to ‘Silk Road region’ now in circulation: ‘Greater Central Asia,’ ‘Inner Asia,’ ‘Middle Asia,’ ‘Caspian Basin,’ ‘Caspian Sea Region,’ ‘South Caucasus and Central Asia,’ and, of course,

‘Central’ or ‘Core Eurasia’ (or, simply, ‘Eurasia’).

Some of the foregoing terms identify one prominent physical marker (e.g., the Caucasus mountains, the Caspian Sea) as a focal point; these choices consciously limit their geographical scope and, in turn, their geopolitical and geo-economic reach. Others are constraining in similar ways; for instance, ‘Greater Central Asia,’ which Starr indicates is a “convenient way of denoting the larger cultural zone of which the five former Soviet republics—Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan, and Turkmenistan—are a part, along with Afghanistan.”

The term ‘South Caucasus and Central Asia’ has the advantage of technical accuracy but contains two main disadvantages. First, the use of the conjunction “and” implies a joining that is somehow synthetic, implying some sort of artifice (one part is in ‘Asia’ while the other is presumably not, otherwise it would be called ‘West Asia’). Second, the subtext of the term is that it’s the best available, polite euphemism for something like ‘newly-independent non-European former Soviet republics.’

The implications of this last introduce a discussion of the most

commonly used term, ‘Eurasia’ (and its cognate qualifiers), which happens to be the most problematic of all.

As far as I can tell, the first scholar to use of the term ‘Eurasia’ was an Austrian geologist, Eduard Suess, who did so in 1885. Then, about 20 years later, Halford Mackinder for the first time used the term ‘Eurasia’ in a geopolitical context. He famously referred to ‘Eurasia’ as the world’s “heartland”—the globe’s “pivot area.” This introduced the idea into Western discourse that ‘Eurasia’ is the world’s ultimate geopolitical playground—the key to the acquisition and maintenance of global power. Some 20 years later, Mackinder expanded his original thesis into a book and sublimated his teaching into a sort of combination of warning and prescription. This is what he wrote:

Who rules East Europe  
commands the Heartland:  
Who rules the Heartland  
commands the World-Island:  
Who rules the World-Island  
commands the World.

The foregoing is a very short account of the Western origin of the term ‘Eurasia’; but there is also a Russia connotation: it was used commonly in the 1920s and 1930s in émigrés circles in Paris and elsewhere. Here the writings

of Prince Nikolai Trubetzkoy are a good reference point. He defined 'Eurasia' as a "self-contained geographical [and] economic whole, distinguishable from both Europe and Asia proper," adding that it is the "natural environment itself that teaches the peoples of Eurasia [today] to recognize the need to [...] create their own national cultures while working co-operatively with one another." Another Russian reference point is Petr Savitskii. Consciously echoing Mackinder, he wrote that "whoever dominates the [Eurasian] steppes will easily become the political unifier of all Eurasia."

But the *conceptual* roots of the term 'Eurasia,' in the Russian context, ultimately go back to the famous debate between the Slavophiles and Westernizers in czarist times, as can be found in the works of Pyotr Chaadayev, various writings by Dostoyevsky, and those of Mackinder's Russian contemporary, Vladimir Lamansky. The latter did not use the term 'Eurasia,' but he did write of the concept of a "Middle World" located on the "Asian-European continent." This "Middle World" was its own "special type" with its own "special character," which is "not real Europe, not real Asia." Lamansky elaborated on this last point thusly: "Entering the limits of this Middle

World from Asia, we must say that here Asia ends, but Europe does not begin yet; in the same way, entering it from Europe, we have the right to say: Europe ends here and Asia does not begin yet."

At bottom, Lamansky's was a geostrategic concept, concerning the spread of Russia's smart power and influence on the world stage. It also had cultural and civilizational connotations, and contained in some cases quite a bit more than a whiff of colonial haughtiness. Thus, for Lamansky, the goal was to bring 'Eurasia' into Russia's expanding orbit, by "quite sharply" distinguishing the countries of the 'Middle World' "from their own Europe and from their own Asia," since Europe, the Middle World, and Asia had their own, "exclusively peculiar, geographical, ethnological, and historico-cultural features." The Russian Eurasianists mentioned above drew heavily on the ideas that informed Lamansky's writings, as cited in this and the previous paragraph.

Both the Western and Russian conceptions of 'Eurasia' were laid dormant during the Cold War, only to be revived—with modifications—after the breakup of the Soviet Union. In Russia, it was updated and expanded by various shapers of Russian policymaking

and public opinion, ranging from Dmitri Trenin and Sergey Karaganov to Aleksandr Dugin, Alexander Panarin, and Alexander Prokhanov. In the West, a new version of the idea of 'Eurasia' was promoted by people like Zbigniew Brzezinski.

I will skip over the Russian angle and focus on what follows on the argument made by the former U.S. National Security Adviser. At the height of his own intellectual authority and in the midst of the "unipolar moment," Brzezinski came up with a famous definition of 'Eurasia,' which he argued extended from "Lisbon to Vladivostok" in a 1997 book titled *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*. (This definition of 'Eurasia'—from "Lisbon to Vladivostok"—corresponds, more or less, to the present-day OSCE space, minus North America. It also just about matches the boundaries of the superstate Eurasia as depicted in George Orwell's *Nineteen Eighty-Four*.)

The narrower, everyday contemporary definition of 'Eurasia'

corresponds to what Brzezinski termed the "Eurasian Balkans" or, less polemically, "Eurasia's vast middle space." The sentence Brzezinski uses is this: "stretching between the western and eastern extremities [of Eurasia] is a sparsely populated and currently politically fluid and organizationally fragmented vast middle space."

In that context, Brzezinski famously advocated for "benign American hegemony" in the "vast middle space" of the "Eurasian Balkans"—with the United States playing the role of "Eurasia's arbiter."

It would be hard not to conclude from the above references, including his choice of the 'chessboard' metaphor, that Brzezinski thought that 'Eurasia' was, is, and will continue to be an object (a "chessboard"), with the countries belonging to the region itself understood as pieces to be moved around (i.e., manipulated) by those with actual agency.

The critical point is that the term 'Eurasia' and the concepts that lie behind it are inescapably and, in my view, irredeemably

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*The term 'Eurasia' and the concepts that lie behind it are inescapably and, in my view, irredeemably riddled with orientalist and imperialistic (or hegemonic) controversy—whether Russian or Western in origin.*

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riddled with orientalist and imperialistic (or hegemonic) controversy—whether Russian or Western in origin.

To my knowledge, the most succinctly persuasive articulation of the foregoing assessment is made by Starr, in the context of advocating for his own preferred term:

it does not define the region in terms of any external power or national ideology. Instead, it focuses discussion where it should be focused: namely on the character of the region itself; on its distinctive geographical, cultural, and economic features; and on the question of whether those features may be the keys to its future.

Starr's argument is even more persuasive in making the case for the term 'Silk Road region,' since, as noted above, it has none of the disadvantages of the geographically constricted term 'Greater Central Asia.'

It should be noted, in this context, that the closest approximation to the definition adopted by *Baku Dialogues*—the one I reproduced at the beginning of this essay—was produced by the Central Eurasian Studies Society and published in the Spring 2009 edition of its *Central Eurasian Studies Review*: "We define the Central Eurasian region broadly to include Turkic,

Mongolian, Iranian, Caucasian, Tibetan and other peoples. Geographically, Central Eurasia extends from the Black Sea region, the Crimea, and the Caucasus in the west, through the Middle Volga region, Central Asia and Afghanistan, and on to Siberia, Mongolia, and Tibet in the east."

In the conception outlined in the Editorial Statement of *Baku Dialogues*, the 'core of the 'Silk Road region,' in terms of the political map, comprises eight UN member states: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Some, like Starr, add Afghanistan to the latter category; others, like the authors of the 1999 U.S. Silk Road Strategy Act, do not (for them, 'Silk Road' was simply a preferred term to describe what at the time were called the eight "newly-independent states"). But none of the alternative terms to 'Silk Road region' give (sufficient) credence to the fact that there are various other countries that are bound, in whole or in part, to this region. Those ties are genuine, which is why in some real sense, these too belong to the Silk Road region; but they certainly don't belong in the same way as do its core states.

Accordingly, we can think of the Silk Road region as a single

geopolitical theater with multiple stages, the exits from which are very purposefully not defined with precision. We could say, finally, that only the term launched by *Baku Dialogues* in its Editorial Statement has the advantage of being imbued with a Pascalian *esprit de finesse*, in contradistinction to what he called an *esprit de géométrie*.

### *Increasingly Important Geopolitical Theater*

Having been properly discursively equipped, we can now turn to more directly substantive matters. As a whole, the Silk Road region is becoming an increasingly important geopolitical theater. In fact, I contend that its global importance today is greater than it has been in centuries. It may even be enough simply to point to one obvious piece of evidence that speaks to its singular and growing importance: no other part of the world is has more nuclear-armed states on its geographic frontiers than the Silk Road region (i.e., China, India, Pakistan, Russia).

But its importance is also much more than that, and this is largely due to the myriad and multiplying geopolitical and geo-economic consequences of three main events that have taken place in the past three years in that part of the world: the U.S.-led

withdrawal from Afghanistan, the Azerbaijani victory in the Second Karabakh War, and the escalation of the conflict over Ukraine due to the launch of the Kremlin's "special military operation" and the subsequent choice by the West and a few of its allies to impose an increasingly punitive sanctions and export restrictions regime against Russia in response.

Space does not permit me to enter into a detailed explanation of how the consequences of these three events have precipitated a great revival of the importance of the Silk Road region. Suffice it to say that, in my view, the cumulative effect of the foregoing can be summarized thusly: *regionally-driven economic connectivity is on the way in; outside power agenda-setting is on the way out; and although some outsiders are seeing their relative power decline while others are seeing an increase, in the aggregate, the power of outsiders is likely to*

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*The global importance of the Silk Road region is greater today than it has been in centuries.*

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be reduced overall over the course of the next decade or so.

All told, the balance of power in the Silk Road region is in the midst of a transformative shift. It is a balance of power that favors home-grown integration—with both its main architects and core participants belonging to the region itself.

This, in turn, suggests that the Silk Road region stands a chance of no longer remaining merely an *object* of major power competition—a geography to be won and lost by others; it is, rather, on the cusp of becoming a distinct, autonomous, and emancipated *subject* of international order. This can become clearer through an examination of some of the Silk Road region's emerging set of initiatives and proto-institutions that, taken together, may herald the onset of a stable and lasting order in that part of the world.

Although it is beyond the scope of this essay to do so at length, what can be noted is perhaps the most important one, which at the moment is limited in scope to the

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five easternmost states that comprise the core of the Silk Road region: the ongoing text-based process of economic connectivity and regionalization, which began in November 2017 in Samarkand and resulted in the adoption of a formal document of institutionalized cooperation, titled Treaty on Friendship, Good Neighborliness, and Cooperation for the Development of Central Asia in the Twenty-First Century during a summit in Cholpon-Ata, Kyrgyzstan, in July 2022.

Indeed, the strategic logic informing the admittedly embryonic plans now being laid call to mind older arrangements in other geographies: ASEAN, the Nordic Council, the Gulf Cooperation Council, and the original European Economic Community.

I believe that, in the time ahead, one can expect Azerbaijan to acknowledge in one way or another the relevance of the strategic logic informing both the spirit and text of that Treaty for the furtherance of its national interests. A first step in this regard may involve the inception

of a trilateral meeting format between the leaders of Azerbaijan, Kazakhstan, and Uzbekistan.

The salience of such an anticipated development is directly related to my next point, namely that it is precisely these three countries which are the 'middle powers' or 'keystone states' of the Silk Road region. I predict that their shared power and influence will greatly increase as the region's multifaceted connectivity infrastructure increases in both scale and scope and, in turn, becomes indispensable to the fulfillment of the strategic ambitions of the major powers that surround it on all sides (one need only to look at a map: if the northern east-west connectivity route via Russia and the southern one via Iran are both impeded if not blocked by Western sanctions that will almost certainly remain in place for the foreseeable future, then the only game in town, so to speak, remains the middle corridor that traverses the Silk Road region).

In fact, the uniqueness of the Silk Road region geopolitical theater is such that each of the major powers are in the process of recognizing that the maximalization of their

respective interests is predicated on the abandonment of a zero-sum or hegemonic or imperial posture towards the region itself as well as towards each other in the context of their activities therein. This is all the more fascinating given that many of those same major powers are rejecting or abandoning anything resembling the pursuit of a system of world order predicated on the adoption of a contemporary variant of classical balance of power principles: in the unique geopolitical theater that is the Silk Road region, they will precisely do that.

All this is predicated on the acceptance of the possibility of the autonomous geopolitical and geo-economic development of the states that geographically belong to the core of the Silk Road region itself. This conforms to the overarching reality of strategic heterogeneity that is emerging in this part of the world today—a whole that I predict will be far greater than the present sum of the Silk Road region's nascent set of initiatives and institutions.

This reality is characterized by the fact that none of the Silk Road

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*None of the Silk Road region's leading states are major global powers; rather, they are each 'middle powers' or 'keystone states.'*

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region's leading states are major global powers; rather, as noted above, they are all 'middle powers' or 'keystone states.'

### *Middle Powers, Keystone States*

The concept of 'middle powers' was first introduced by the Piedmont-born thinker Giovanni Botero in 1589. In a book titled *The Reason of State*, he defined 'middle powers' as states that have "sufficient force and authority to stand on [their] own without the need of help from others." In Botero's telling, leaders of middle powers tend to be acutely aware of the dexterity required to maintain security and project influence in a prudential manner beyond their immediate borders; and, because of that, middle powers are apt to have facility in promoting trade and connectivity with their neighbors and their neighbors' neighbors.

Unquestionably, Azerbaijan, Kazakhstan, and Uzbekistan are such middle powers or keystone states—a term first put forward by Nikolas Gvosdev of the U.S. Naval War College in a 2015 article for the journal *Horizons* and subsequently developed in the pages of *Baku Dialogues* and elsewhere by

him and others, writing together or separately.

Keystone states are understood to be trusted interlocutors, reliable intermediaries, and critical mediators that can act as buffers between major power centers. This integrative power is supplemented by the fact that an effective keystone state can serve as a pressure-release valve in a system of world order, particularly as the transition to conditions of non-polarity continues, by acting as a buffer and reducing the potential for conflict between major power centers. (Non-polarity, as Gvosdev has noted, is an active approach in which constant engagement with all the major stakeholders is a *sine qua non*. The concept of non-polarity is thus predicated on the assumption that no major power can establish and guarantee absolute security or impose a uniform set of preferences; and that no current or aspirant keystone state should choose to align itself exclusively with one major power—to do so, he has pointed out, increases rather than reduces insecurity, by incentivizing one or more of the major powers to take action detrimental to a keystone state's ability to pursue its national interests along the lines outlined above.)

### *Silk Road Values*

Thus, *one characteristic* of the Silk Road region is that it is anchored by three keystone states (Azerbaijan, Kazakhstan, and Uzbekistan) that are committed to building a region with more partners and fewer enemies. None by itself is dominant, but together they provide equilibrium whilst setting the tone, pace, and scope of the overall cooperation agenda. Outside actors exert some influence, but developments in the Silk Road region are unlikely to keep being decisively driven, much less determined, by the oftentimes clashing agendas, preferences, objectives, and priorities of the major external powers.

*A second characteristic* of the Silk Road region is that these keystone states embrace elements of both strategic autonomy and strategic restraint—one of the scholarly terms for this is "soft-balancing."

It is perhaps the *third characteristic* of the Silk Road region that is most noteworthy, an examination of which begins by acknowledging the salience of a twenty-first century version of what in the 1990s was called "Asian values."

This earlier concept was developed in practice by statesmen like Lee Kuan Yew and Mahathir Mohamad and propounded in documents like the Bangkok Declaration of the Regional Meeting for Asia for the World Conference on Human Rights in 1993. Its intellectual origins arose at least in part in thinking through the strategic implications of Samuel Huntington's "clash of civilizations" thesis, itself a response to the worldview contained in Francis Fukuyama's "end of history" hypothesis. In contrast, my instigation of the term 'Silk Road values' is a by-product of my deliberations about the ongoing cumulation of the geopolitical and geo-economic consequences of three main events that have taken place in the past three years in that part of the world, as noted above.

So far, the term 'Silk Road values' has not been utilized explicitly by any Silk Road region decision-maker. Regardless, I believe that the implicitly shared values of the leaders of the core Silk Road region states have made a significant yet unacknowledged contribution to the ongoing revival of the importance of the Silk Road region.

Although the provision of a full typology of these values is beyond the scope of this essay, it seems

important to identify five inter-related traits that can help illustrate the merits of the concept.

*One*, Silk Road values are more compatible with the strict observance of universally recognized international law (including the purposes and principles of the UN Charter) than with conducting affairs of state in accordance with what is effectually a situational ethics paradigm that its proponents call a “rules-based liberal international order.” This critical distinction can perhaps be best illustrated by reference to policies that reject the claim that equivocation regarding (much less support for) any secessionist entity can be proclaimed by any power as somehow being *sui generis*, since this inevitably leads to the establishment of a dangerous precedent that weakens respect for the territorial integrity of *all* UN member states.

*Two*, Silk Road values are broadly suspicious of outsiders placing soft law-driven limitations on national sovereignty. One example is the narrowing of the scope of the principle of non-intervention in the internal affairs of UN member states. Another is the expanded conception of individual liberty that prioritizes the political dimension of the doctrine of human rights. A third example of soft-law limitations on

national sovereignty is any doctrine that considers it to be legitimate to penalize a state for not enforcing economic sanctions unilaterally adopted by a second state (or group of countries) against a third—i.e., sanctions that have not been ratified by the UN Security Council under Chapter VII of the UN Charter

Trait number *three*: Silk Road values prioritize allegiance to a strong state with an economically interventionist government. The logic here is that—at least in the Silk Road region—a weak state could more easily result in a failing (or even failed) state. And a weak state can also more easily allow foreign capital to leverage national economic decisionmaking, which necessarily limits the scope of governmental power. This also explains the increasing emphasis on *meritocratic governance* as opposed to the mainstream contemporary understanding in the West of what constitutes a ‘liberal democracy.’

Trait number *four*: Silk Road values generally downplay ethnic and even civil nationalism in favor of what Anatol Lieven calls “state nationalism”—that is, fidelity to the state as embodied by loyalty to its leadership.

And trait number *five*: Silk Road values do not entail the sublimation

of distinct state identities in the name of formally institutionalizing cooperation. This particularly applies to its political dimension.

### *Of, By, and For*

**I**ronically, Brzezinski can be understood to be the step-grandfather of the idea that the core of the Silk Road region could become an “assertive single entity” in “axial Eurasia.” This is ironic because he explicitly opposed it on U.S. strategic grounds: in the event the Silk Road region would come together, “America’s primacy in Eurasia shrinks dramatically,” as he put it in 1997.

But the truth is that the contemporary followers of Brzezinski and likeminded strategists—Western or non-Western—who still subscribe to some version of his argument with respect to the Silk Road region stand on the wrong side of history. To their credit, decisionmakers in Ankara, Beijing, Brussels, Moscow, Washington, and other major power capitals with interests in the

Silk Road region, have all effectually ceased to harbor aspirations of domination, primacy, hegemony, sphere of interest, or whatever other term may be employed to paint over what amount to imperial ambition.

I already made the foregoing point earlier in this essay, but it bears repeating now because, if, in fact, the states that make up the core of the Silk Road region are able to institutionalize their cooperation in the time ahead; and if this institutionalization is anchored by its three keystone states; then this opens the door to the Silk Road region becoming an “assertive single entity” capable of repelling *any* attempt at decisive interference by major powers.

A synoptic formulation of my argument is that construction is already underway on a genuinely stable and lasting regional order whose as yet not fully articulated goal is to advance, first and foremost, the interests and values *of* the Silk Road region, *by* the Silk Road region, and *for* the Silk Road region. **BD**

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# Türkiye, Russia, and their Rules-Based Competition

*Daria Isachenko*

At its summit in Madrid in June 2022, NATO adopted a new Strategic Concept, identifying Russia as “the greatest and most immediate threat to the security of the Allies and to peace and stability in the Euro-Atlantic area.” All NATO member states agreed to this, including Türkiye. Yet Ankara is still keen to maintain dialogue with Moscow, while at the same time continuing to obstruct NATO’s northern expansion—despite the West’s need to demonstrate a consolidated front against Russia. This has earned Türkiye’s President Recep Tayyip Erdogan the title of “double agent” or even “Trojan horse” in the Western media. Even before the outbreak of Russia’s war in Ukraine on 24 February 2022, Erdogan’s close relationship with his Russian counterpart Vladimir Putin were a source of irritation for the West. The most notable result of their

friendship is Erdogan’s purchase of Russia’s S-400 anti-aircraft missile system in 2017, which raised doubts in the West about Ankara’s loyalty to NATO and led to Türkiye’s exclusion from the co-production of F-35 fighter jets with Ankara’s Western allies.

Neither the Kremlin nor the Western capitals concealed their respective (and opposed) preferences for the presidential candidates in Türkiye’s elections in May 2023. Erdogan is a foreign leader whom Putin praises most. Working with Erdogan, as Putin once mentioned during a Valdai Discussion Club meeting in October 2020, is “not only pleasant but also safe.” During the inauguration of the Akkuyu Nuclear Power Plant, built by Rosatom, on 27 April 2023, Putin highlighted the personal engagement of Erdogan that made the realization of this “flagship project” between Russia

and Türkiye possible. Putin’s appreciation of the Turkish president is not limited to words, as the Erdogan government expects the postponement of gas payments to Gazprom—amounting to \$20 billion—to 2024 and a 25 percent discount on the gas price.

The West’s hope, on the other hand, was that with opposition candidate Kemal Kilicdaroglu coming to power in Ankara, the era of personal chemistry between Erdogan and Putin would come to its end and that Türkiye would revert to being a disciplined NATO member state, as it was during the Cold War and its immediate aftermath. After all, the widespread perception of Russian-Turkish relations is that this partnership is underpinned by the personal relations between their respective presidents as well as their anti-Westernism.

But this assumption was and remains misleading. Not least because it does not explain why the leadership diplomacy between Putin and Erdogan did not help to defuse the crisis in Syria in 2015, when the Turkish air

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*The Russia-Türkiye partnership is based on specific rules that guide Ankara and Moscow in their dealings with each other that go beyond their leadership diplomacy.*

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force shot down a Russian fighter jet. The fighter jet crisis of 2015 also shows that the anti-Westernism of Türkiye’s and Russia’s leadership is not the bond that holds this relationship

together. Both countries’ relations with the West were already in tatters at the outbreak of the Syrian crisis in 2015. Russia’s relations had been fraught since 2014 because of the Crimean annexation and Türkiye’s had worsened as a result both of its policy in the Middle East and domestic developments in Ankara. The alienation of the two countries from the West did not, however, automatically lead to the closeness in Russian-Turkish relations that we can observe today.

As convenient as it may be in some circles to view Ankara-Moscow relations in terms of personal chemistry, the fighter jet crisis of 2015 and the subsequent normalization between Russia and Türkiye illustrate that this partnership is based on specific rules that guide Ankara and Moscow in their dealings with each other that go beyond their leadership diplomacy.

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## *Futile Search for a Default Mode*

One of the peculiarities of Russia-Türkiye relations is that this partnership is still very much haunted by the historical legacy. This is especially true of how the relationship is viewed from the outside. A basic assumption is that historical adversaries—particularly these two historical adversaries—cannot be friends; at best, their ties can be considered as one befitting “frenemies.”

Thus, for many analysts of Russia-Türkiye relations, the long history of wars between the Ottoman and Russian empires, coupled with the Cold War rivalry between the Soviet Union and the West, make the current cooperation between Moscow and Ankara seem surprising and paradoxical and, by implication, unsustainable in the long term. In this view, it is the conflictual interaction between Russia and Türkiye that guides the understanding, where conflict is assumed to be the norm, while cooperation must necessarily be the exception.

Yet, periods of cooperation between Russia and Türkiye are not few to be considered an exception. Noteworthy is the fact that after the collapse of the Ottoman and Russian empires, the two did not fight a war with each other. On the contrary, the period of 1920s under Atatürk and Lenin has entered Türkiye’s historiography as the manifestation of a “sincere friendship” between the two young states. The establishment of diplomatic relations between Soviet Russia and the government of the Grand National Assembly of Türkiye dates back to June 1920. Soviet Russia was the first country to recognize the Grand National Assembly of Turkey, “at a time,” as Atatürk said, “no one else had done”. In their Friendship and Fraternity Treaty of March 1921, also known as the

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*Nowadays, both Russia and Türkiye see the Montreux Convention as a crucial instrument that keeps Western actors at bay in the Black Sea.*

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Treaty of Moscow, Soviet Russia and the Grand National Assembly of Türkiye affirmed their “solidarity in the struggle against Imperialism” while laying the basis for the future boundaries of Türkiye’s east and of the South Caucasus republics, completed by the Treaty of Kars in October 1921. The Soviet Union’s support for Atatürk would prove crucial in the Turkish War

of Independence (1919-1923). Moscow supplied ammunition and put up enough gold reserves to cover Ankara’s budget for an entire year. In addition, the Soviet Union helped in the industrialization of Kemalist Türkiye, drawing up a development plan and constructing textile factories in Türkiye.

The Soviet-Turkish friendship of the 1920s was based on the premise that the age-old rivalry was entirely the result of the imperial ambitions of the Russian tsars and the Ottoman sultans. Yet the issue of the Straits remained the main bone of contention in Soviet-Turkish relations. During the negotiations on the Treaty of Lausanne in 1923, Moscow’s proposals on the demilitarization of the Straits were actually more favorable to Ankara than those of the Turkish delegation.

However, Türkiye’s successful revision of the Straits regime in Montreux in 1936, when Ankara secured its sovereignty over the Bosphorus, the Sea of Marmara, and the Dardanelles, left the Soviet leadership unhappy. As Stalin is reported to have lamented to U.S. President Harry

Truman in 1945, the Montreux Convention meant that “a small state [i.e., Türkiye] supported by Great Britain held a great state [i.e., the USSR] by the throat and gave it no outlet.”

Stalin’s revisionist demands towards Ankara in 1945 concerning Türkiye’s territorial integrity and its control of Straits eventually led Ankara to seek support from the West, culminating in Türkiye’s NATO membership in 1952.

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*During the Cold War, the Soviet-Türkiye bilateral relationship coexisted with Türkiye’s NATO membership.*

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Nowadays, both Russia and Türkiye see the Montreux Convention as a crucial instrument that keeps Western actors at bay in the Black Sea. Russia’s envy of Türkiye’s control of access to and from the Black Sea is limited to naming preferences, as the Turkish Straits are still often referred to as the Black Sea Straits in the Russian expert community.

Despite of the Turkish government’s strategic decision to side with the West during the Cold War, Soviet-Turkish relations were not completely broken off. In 1953, Türkiye was the only country from the non-Soviet bloc to send an official representative to Stalin’s funeral and the Soviet Union supported

Türkiye into the 1970s by building factories: a steel works, an aluminium factory, an oil refinery, and so on.

Nearly forgotten is the fact that Russian-Turkish energy relations also have their roots in the Cold War era. In 1984, Türkiye and the Soviet Union signed their first agreement on gas imports to Türkiye, for which Ankara paid in agricultural goods and a range of services, mainly in the construction industry.

A brief review of Russia-Türkiye ties suggests that it is a dynamic relationship without a fixed default mode. During the Cold War, the Soviet-Türkiye bilateral relationship coexisted with Türkiye's NATO membership. In the post-Cold War period, their ties have expanded to include not only tourism and trade, but also extensive energy relations and cooperation in the domain of nuclear energy. However, it is above all their joint regional conflict management in the Middle East, the South Caucasus, and the Black Sea theater that deserves particular attention. Especially the crisis over Syria in 2015 provides insights into how Russia and Türkiye have learned to manage their relations in a mutually beneficial way.

### *Trust vs. Predictability*

For many observers of Russia-Türkiye relations, one of the partnership's key puzzles is that, despite the lack of trust, the two sides still cooperate. But this is only puzzling if we assume that trust is necessary for cooperation. The Ankara-Moscow relationship shows that this does not have to be the case. Instead, this partnership has evolved based on mutual familiarity: each actor has become predictable to the other. As Putin elaborated during the annual news conference on 17 December 2020, despite

different, occasionally opposing views on certain matters, [Erdogan] keeps his word like a real man. He does not wag his tail. If he thinks something is good for his country, he goes for it. This is about predictability. It is important to know whom you are dealing with. This lesson may have been learned in 2015 in the context of the Syria civil war, when Erdogan was not that predictable to his Russian counterpart.

On 24 November 2015 in the Turkish-Syrian border region, the Turkish air force shot down a Russian fighter jet which had violated Turkish airspace for 17 seconds. Two Russian pilots were killed in the incident and the subsequent evacuation operation.

Russia responded with economic sanctions on the import of certain Turkish products, the suspension of visa exemption for Turkish citizens, and a ban on Russia-based tour operators to organize charter holiday packages to Türkiye. These hit the Turkish economy hard. Furthermore, as Putin announced that Türkiye was “not going to get away with tomato bans,” in February 2016, a representative office for Kurds from Syria was opened in Moscow.

From the Kremlin's point of view, it was Türkiye's failed crisis management and lack of communication that led to Russia's severe response to the shooting down of the fighter jet. During his annual news conference on 17 December 2015, Putin mentioned several issues that pointed to mismatched expectations. First, an important reason for Moscow's reaction was Erdogan's decision to turn to NATO rather than directly to Putin “to straighten things out” after the incident. This was unexpected for Putin, especially given that Moscow had allegedly been willing to cooperate with Ankara on “the issues that

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[were] sensitive to Türkiye,” even though they did “not fit into the context of international law.” Second, the Russian side was not aware of Türkiye's important ties with the Turkomans in Syria. As Putin acknowledged,

“I knew that Turkmen—our Turkmen—lived in Turkmenistan, and so I was confused [...]. Nobody told us about them.”

The Russian-Turkish partnership was tested again in late February 2020 during a military escalation in Syria's Idlib province. As a result of Russian-backed air strikes, at least thirty-four Turkish soldiers were killed. This time, unlike in 2015, Erdogan predictably went to Moscow on 5 March 2020 to reach a ceasefire deal with Putin.

### *Problem-Solving Partnership*

Various media outlets and observers of Russian-Turkish relations based in the West and in the two countries themselves focused on the symbolic aspects

of the meeting between Putin and Erdogan on 5 March 2020. Seemingly in line with the expectation of a conflictual relation as a default mode influenced by the historical legacy, Turkish and Russian analysts alike did not fail to notice the décor in the rooms of the Kremlin, such as the statue of Catherine the Great under whose rule Russia annexed Crimea from the Ottoman Empire in 1783 and defeated this state in two wars, as well as a sculpture of Russian soldiers who successfully fought against the Ottomans in Bulgaria in 1878.

It was indeed surprising to many that Putin and Erdogan agreed to a ceasefire in Syria's Idlib in March 2020. After all, as is often noted in analyses of contemporary Russian-Turkish relations, Ankara and Moscow do not see eye to eye on any of the conflicts in their neighborhood and are said to be on opposing sides not only in the Middle East but also in the South Caucasus, not to mention in the war in Ukraine.

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*It is in the context of Syria that Ankara and Moscow have learned to help each other solve their problems in not only a mutually-acceptable but also in a mutually-beneficial way, exporting their problem-solving scheme to other conflict areas while expanding bilateral cooperation.*

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But the March 2020 agreement demonstrated that it is not any one crisis per se, but the particular manner in which a crisis is managed that is a crucial element in understanding the dynamics of Russian-Turkish relations. As Putin noted at the press conference following the meeting, “at crucial moments, thanks to the high level of our bilateral relations, we have so far always managed to find common ground in disputed issues and to come up with acceptable solutions.”

Between the fighter jet crisis of 2015 and the Idlib escalation of 2020, we can indeed observe a reciprocal effect between the bilateral relationship and not only the ability but also the willingness from both sides to address regional challenges. Instead of being an endurance test for the Russian-Turkish partnership, the Syrian conflict has become the glue that holds it together. It is in the context of Syria that Ankara and Moscow have learned to help each other solve their problems in not only a mutually-acceptable but also in a mutually-beneficial way,

exporting their problem-solving scheme to other conflict areas while expanding bilateral cooperation.

Recognizing the necessity to cooperate has been key to Russia and Türkiye building their close partnership. This is particularly important from a Turkish perspective. Türkiye's economic dependence on Russia is often cited as a vital factor for Ankara to maintain its relationship with Moscow. This line of reasoning can be found in Türkiye's positioning in the conflict over Ukraine and its refusal to both fully and formally join the West-led sanctions and export restrictions regime against Russia. It was also the lesson that Ankara learned after the fighter jet crisis in 2015—namely, that severing ties with Moscow comes at too high an economic cost. Thus, although opposition parties in Türkiye criticize their country's economic dependence on Russia, they too see a functioning relationship with Moscow as important. After all, it is “not by choice, but out of necessity,” as a prominent opposition figure in Türkiye once put it in an informal conversation.

It was indeed the Turkish side that took the initiative to normalize relations with Russia in June 2016. This turnaround was due in part to the situation in Syria; Türkiye wanted

to crack down not only on the IS, but also on the YPG/PYD, which Türkiye regards as affiliated with the Workers' Party of Kurdistan (PKK). The economic situation was also an important deciding factor. The Russian sanctions mainly affected tourism, the construction industry, and the retail sector. As later disclosed by the then advisor of the Turkish president, Ibrahim Kalin, the reconciliation that Erdogan had been seeking with Putin since April 2016 was led by Turkish entrepreneur Cavit Caglar, the then chief of Turkish General Staff Hulusi Akar, and Nursultan Nazarbayev, the then president of Kazakhstan.

Another factor that helped forge an agreement between Putin and Erdogan was undoubtedly Putin's support of Erdogan after the attempted coup in Türkiye on 15 July 2016—especially compared with the tepid responses of Ankara's Western partners. Erdogan's first foreign trip after the coup attempt was to Russia. After a meeting with Putin in Saint Petersburg on 9 August 2016, relations between Türkiye and Russia began to develop exponentially, both bilaterally and in Syria.

Partnership with Ankara allowed Russia, for example, to implement the TurkStream gas pipeline—a replacement for Gazprom's South

Stream project, which had been cancelled in part due to tensions with the EU following the annexation of Crimea in 2014. The resumption of dialogue with Russia in turn enabled Türkiye to launch fresh military operations in Syria. With Russia's help, Türkiye was able to counter the project of expanded Kurdish-led autonomy in Syria, which had become Ankara's main security concern. But Russia also took advantage of the revived partnership, working with Türkiye in 2016 to establish the Astana process for Syria, which only gained legitimacy because of Türkiye's ties to Syrian opposition forces. Military-technical cooperation was also to be expanded – with the aim, as Putin put it at the meeting of the 23rd World Energy Congress in Istanbul on 10 October 2016, of “continuing this interaction and filling it with serious projects of mutual interest”. In November 2016 there were first media reports that Ankara was interested in buying the Russian missile defense system S-400, with the purchase deal worth \$2.5 billion finally unveiled in December 2017.

Like in Syria, Moscow and Ankara were also on opposite sides of the conflict over Karabakh that culminated in the Second Karabakh War in autumn 2020, although not in the zero-sum way in which some analysts reported

at the time. Yes, Türkiye's support for Azerbaijan was virtually unconditional; Russia's support for Armenia was more nuanced (a reflection of Russia's complex relations with Azerbaijan)—although allies through the Collective Security Treaty Organization (CSTO), Moscow stayed out of the hostilities because, as Putin repeatedly stressed, the Second Karabakh War was not fought on the territory of Armenia. Of course, the suboptimal state of Russian relations with the Armenian government under Prime Minister Nikol Pashinyan, who came to power in 2018 as a result of protests, also played a role in Moscow's restraint. From Russia's perspective, this “regime change” was the result of a “color revolution” aimed at undermining Russia's influence in that country.

The outcome of the Second Karabakh War brought benefits to Moscow and Ankara alike. By consenting to share its sphere of influence with Türkiye, Russia was able to station its troops (in the form of “peacekeepers”) in a part of Karabakh for the first time. At the start of the war, the statement of 30 September 2020 by Türkiye's then foreign minister Mevlut Cavusoglu that Baku can count on Ankara's full support “on the field and at the negotiating table” indicates that Türkiye was also seeking a

political role in settling the conflict. Indeed, the Turkish side also made proposals to Moscow to replicate the partnership scheme the two had achieved in Syria. Ankara's aim of transferring Astana-like arrangement to the South Caucasus was not achieved. Nevertheless, Ankara reaped the benefits of the war's outcome, including the commitment by Yerevan to establish what both Ankara and Baku now call the “Zangezur Corridor”—a land connection between Türkiye and Azerbaijan via the latter's exclave of Nakhchivan traversing a sliver of Armenian territory. Once operational, this route will provide Türkiye with direct access to the Silk Road region without having to traverse either Georgia or Iran, as is presently the case.

The war in Ukraine is another example of Russian-Turkish cooperation in conflict management. The relocation of the Russian and Ukrainian negotiating delegations from Belarus to Türkiye in March 2022 could be seen as a concession by Putin to Erdogan to raise Türkiye's international profile, not to mention Ankara's diplomatic clout.

Maintaining dialogue with Moscow was also necessary for Türkiye to play a leading role in the Black Sea Grain Initiative, starting in July 2022. Despite complaints

from Moscow that Russia's part of the deal is not being implemented, it has agreed to extend the initiative several times, presumably in the expectation of a quid pro quo from Ankara. This mainly concerns the economic sphere, such as finding ways to heighten parallel trade possibilities and for Ankara's position on secondary sanctions to demonstrate a reasonable amount of flexibility.

### *Manageable Interference*

Under Putin and Erdogan, Russian-Turkish relations are no longer merely about “tourists and tomatoes.” In addition to military procurement and heightened energy ties, including in the nuclear sphere, they are underpinned by a complex set of conflict management arrangement in the neighborhoods they share. Ankara-Moscow relations are also not confined to telephone calls and meetings between the two leaders. In Syria, Russia and Türkiye carry out joint military patrols. In Azerbaijan, the two have established a joint center for monitoring the Moscow-brokered ceasefire that ended the Second Karabakh War.

The Turkish side tends to explain its partnership with Russia not in terms of cooperation but in



geopolitical terms: Ankara's narrative emphasizes the importance of containing Russia in the Middle East, the South Caucasus, and the Black Sea. Ankara furthermore stresses that its vital contribution in this regard is not recognized, let alone appreciated, by its allies in NATO (much less by the European Union). For Russia, too, Türkiye is first and foremost a NATO member state. Türkiye's balancing acts with an overall Western orientation, of which Putin was reminded during the fighter jet crisis in 2015, have been an integral part of Türkiye's policy towards Russia as well as of its entire foreign policy.

Why is it, then, that Russia appears to be exercising strategic patience with Türkiye's growing presence in what Moscow sees as its zone of privileged interests? The short answer is that, in the Kremlin's view, Türkiye, unlike other NATO member states, does not seek to interfere beyond its sphere of influence, which means that Türkiye's policies in Russia's immediate neighborhood do not adversely affect Russia's own security. This makes Türkiye, in the Kremlin's view, an acceptable actor with which Russia is willing to share its neighborhood. We can call this Russian interpretation of Türkiye's posture "manageable interference."

Such conduct was not always the case, however. Russian-Turkish relations were severely strained in the mid-1990s by separatist movements and mutual accusations of aiding and abetting these movements. The Russian side was outraged when Türkiye supported secessionist forces in Chechnya, mainly with weapons and soldiers. Türkiye, meanwhile, was afraid that Russia would play the "Kurdish card" against Ankara. When, for example, Moscow was preparing to host the International Congress of Kurdish Organizations in 1996, Abdullah Öcalan, the leader of the PKK, which Türkiye designates a terrorist organization, spoke clearly of his hopes of Russian backing: "Just as Russia aided the creation of the Turkish state, let it now give the same support to the creation of an independent Kurdish state." Eventually, Russia and Türkiye agreed to treat Chechnya and the Kurdish question as each other's home affairs. As the then Russian ambassador in Ankara, Albert Chernyshev, put it: "Russia and Türkiye are in the same boat. If the boat sinks, we both sink. It is necessary that we find the means for both of us to stay on the surface." The means that Russia and Türkiye found to reconcile their differences, aided in part by a 1997 agreement on the prospect to develop a natural gas pipeline they called Blue Stream.

Already in the 1990s, several rules began to govern Russia-Türkiye relations, many of which bear a striking similarity to those that characterize the present bilateral partnership. *First*, it is a dynamic relationship influenced by current security priorities rather than shaped by the default mode of their conflictual historical legacy. *Second*, this relationship is based on properly understanding each other's interests, which makes the other side predictable. *Third*, an important feature that goes beyond addressing each other's interests, is the future prospect of mutually-beneficial cooperation. This last is a good example of what Robert Axelrod referred to in his 1984 book *The Evolution of Cooperation* as "the shadow of the future," which allows for a collaboration for which trust is not a necessary requirement. More important are the repeated interactions and the mutual rewards hoped for from future cooperation.

The Russia-Türkiye relationship is often dismissed as purely transactional, but in fact it is precisely this transactional aspect

that must be taken seriously: the transactional dynamics of the partnership—defined here as an interest-based negotiation process aimed at mutually-acceptable (at a minimum) and mutually-beneficial problem-solving—allow Russia and Türkiye not only to upgrade their bilateral relations, but to enter into regional conflict management that is unparalleled in the history of the countries' relationship. The more interdependent the relationship becomes, the more costly its break-up will be. In other words, if the balance is upset in one of these areas, it may well spill over into others. Finally, all three rules outlined above work only if Russia and Türkiye do not seek to interfere beyond the sphere that touches upon their own respective security interests.

It would be difficult indeed to make a persuasive case that it is in the interest of any other geopolitically-relevant actor to conduct itself in a manner that would cause a rupture of the rules-based competition that provides what has now become a solid framework for the perpetuation of the Russian-Turkish relationship. **BD**



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# The GCC and Geopolitics

## Navigating Challenges and Maximizing Influence

*Urs Unkauf*

The Gulf region is one of the most important geo-strategic regions in the world. It comprises the Persian Gulf countries, including Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman. The region is of great importance to the global economy, being home to one of the largest oil and gas reserves in the world. The Gulf region is also an important hub for international trade and shipping. The Persian Gulf is one of the busiest shipping lanes in the world, connecting the region with Europe, Asia, and Africa (it is also adjacent to the Silk Road region). The ports of the Gulf region are important trans-shipment points for trade in oil, gas, and other commodities. In terms of security, the countries of the region are important stakeholders for Western, especially U.S. defense

policies, and take a key role in the fight against terrorism and nuclear proliferation.

Due to the foregoing, the states of the Gulf Cooperation Council (GCC), which was founded in May 1981, are playing an increasing role as actors in regional and international politics. Recognizing their vulnerability as hydrocarbon-dependent economies, the GCC countries have undertaken substantial efforts to diversify their revenue streams. They have shifted their focus towards sectors such as tourism, finance, technology, renewable energy, and manufacturing. Initiatives like Saudi Arabia's Vision 2030, UAE's National Innovation Strategy, and Qatar's National Vision 2030 have set ambitious goals to reduce reliance on oil and gas, foster innovation, and

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attract foreign investments. These strategies have not only led to the establishment of new industries but also facilitated job opportunities for the younger generation.

The GCC countries have invested heavily in infrastructure projects to support economic growth and improve living standards. From iconic skyscrapers to modern transportation systems, these states have left an indelible mark on their urban landscapes. The construction of the Qatar World Cup stadiums, the expansion of the Dubai Expo 2020 site, and the high-speed rail network in Saudi Arabia are notable examples of their ambitious infrastructure endeavors. Such investments not only boost the tourism sector but also enhance connectivity within and outside the region, fostering trade and economic cooperation.

Embracing the digital age, the GCC countries have also prioritized technological advancements as catalysts for development. Smart cities, artificial intelligence, blockchain technology, and 5G networks have become integral to their innovation agendas. The UAE, in

particular, has taken bold strides in this area, with initiatives like Dubai's Blockchain Strategy and the establishment of AI research centers. These advancements not only enhance efficiency in sectors such as healthcare and education but also position the GCC countries as global leaders in technological innovation.

Numerous world-class conference formats now line up in the diaries of high-ranking delegations from politics and business all over the world—be it Saudi Arabia's Future Investment Initiative, the upcoming COP28 Summit in Dubai, or the Qatar Economic Forum (QEF). The latter is particularly interesting in several respects because—in the wake of the selective perception of the emirate during the World Cup—several processes, tendencies, and trends can be observed from which geopolitical course settings can be derived. I led an international business delegation to this conference and, alongside the QEF, conducted numerous background discussions with leading Qatari institutions on economic and geopolitical developments in the region.

*The geostrategic importance of the Gulf region will continue to grow, as the demand for energy and raw materials increases worldwide.*

### Geostrategic Importance

The geostrategic importance of the Gulf region will continue to grow, as the demand for energy and raw materials increases worldwide. The Gulf states will continue to play an important role in international trade and shipping. Udo Steinbach, who served from 1976 until 2007 as Director of the German Orient Institute, made the following summary observation in his 2021 book titled *Tradition and Renewal in the Struggle for the Future: The Middle East Since 1906*: “The fact that even small states like Qatar and the United Arab Emirates are empowered by their oil and gas billions to project political and military power beyond their borders makes the overall situation even more complex.” Indeed, Qatar is the world’s largest exporter of liquefied natural gas (LNG) and has one of the highest per capita incomes in the world. It is also a major financial and commercial center and hosts the headquarters of the influential Al Jazeera news channel.

The geopolitical interests of foreign powers in relation to Qatar are manifold. The U.S. has a major military base in Qatar and considers the country an important partner in the

region. Qatar also maintains close relations with other Western countries like the UK, Germany, and France in various spheres and began to intensify its public diplomacy approaches several years ago—not only in view of the FIFA 2022 World Cup, but with the serious aim to establish itself beyond the aspirations of merely a regional power.

Because of its relations with various groups and countries in the region, Qatar is also of geopolitical interest to other countries, including Iran and Türkiye. Iran and Qatar have close trade relations and share the largest gas field in the world. Türkiye has close political relations with Qatar and has established a notable military base in the country. It is therefore worth taking a closer look what is currently happening in the GCC region through the example of the Qatari perspective with reference to the QEF as a leading business and political conference in the region and also worldwide.

The fact that the main perception of the region has long been focused on the pronounced rivalry between Riyadh and Tehran speaks to the importance of taking a closer look at

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*The geopolitical interests of foreign powers in relation to Qatar are manifold.*

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recent developments in these relations, which will be done below. Currently, the UAE is perceived as Qatar’s main rival in the struggle for intra-regional influence. It is significant that numerous ministers from neighboring Saudi Arabia attended QEF and were prominently placed only two years after the resolution of the Qatar blockade, while Abu Dhabi was largely absent. Instead, guests included the presidents of Rwanda, Ghana, and Paraguay, as well as the prime ministers of Bangladesh, Georgia, and Hungary.

Hosted in Doha from 23 to 25 May 2023, QEF was organized by Bloomberg in cooperation with Qatar. This was interpreted as constituting a clear signal from the American side—something like: ‘we are establishing one of the leading dialogue formats for decisionmakers in this part of the world.’ Michael Bloomberg himself, in the presence of Emir Tamim bin Hamad Al Thani, underlined the importance of QEF in finding solutions to the challenges facing the global economy and the current period of “extraordinary change,” as he put it.

Although China and India were not represented at senior governmental levels, numerous participants from Asia, especially from

the private sector, were among the approximately 1,000 foreign guests from, according to the organizers, around 100 countries. The content of the event, entitled “A New Global Growth Story,” was wide-ranging and covered international and security policy as well as numerous sectoral and industry topics, such as investment opportunities, energy, finance, digitalization, construction, tourism and hospitality, sports, food industry, and agriculture. The forum featured CEOs from major international companies, including Boeing CEO David Calhoun, as well as IMF Managing Director Kristalina Georgieva and former U.S. Treasury Secretary Stephen Mnuchin. Other prominent keynote speakers included economist Nouriel Roubini, David Petraeus, and CEO of TikTok Xu Ziqiu.

In recent years, Qatar has successfully established a country branding that is internationally known through sports and economic diplomacy as well as a broad portfolio of strategic foreign investments. Although the emirate is geographically located in the center of the world, its awareness was previously largely unmanageable.

These developments are currently driven by a growing rivalry with the UAE, which, with

Dubai as a lifestyle metropolis and thanks to favorable tax conditions, is also experiencing a boom that goes beyond the dimension of fossil fuel exporter. Saudi Arabia is pursuing its ambitious Vision 2030 and is subjecting its heretofore structurally closed society to a profound and rapid transformation.

The Gulf states are aware that they are no longer objects of foreign powers or mere projection surfaces of higher-level conflicts, but proactive actors with their own agenda setting. This varies in terms of national preferences, but there is a common sense of regional interests that they strive to assert in international politics.

Another driver of growing ambition is the escalating rivalry between the U.S. and China—not just in terms of geopolitics but also in the context of climate change conditions and the establishment of global governance structures such as ESG legislation. The strategic priorities, therefore, common to all countries in the region, include building long-term capacity-building partnerships for the structural diversification

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of economies and shaping the prospects of a post-oil and gas era.

The interconnections between politics and the economy are always particularly close in the Gulf region, due in part

to the political systems (including the particularities of formal dynastic rule). By hosting annual high-level formats such as QEF and the Doha Forum, which this year will take place in the fourth quarter of 2023, Qatar is pursuing a goal of positioning itself as a diplomatic mediator on a supra-regional scale. This is driven by the idea of cultivating multi-sectoral ties and thereby increasing its own political relevance.

Although the conflict over Ukraine played a role in terms of its geopolitical impact, it was not the defining theme of QEF. Rather, new cooperation formats and interest-driven alliances were discussed under the label “South-South relations.” This term cannot hide the fact that Western state actors—with the exception of the United States—have not managed to play a significant role in this part of the world for quite some time.

Qatar and the other Gulf states use their geostrategic position to form and expand multiple alliances. The GCC countries face significant challenges arising from regional conflicts, including the ongoing conflicts in fragile neighboring states like Yemen, Syria, and Iraq. These conflicts pose security threats, disrupt regional stability, and have the potential to spill over into neighboring countries. Hence, the political leadership of countries like Qatar must navigate the complexities of these conflicts, address security challenges, and work towards regional cooperation to mitigate the risks they pose.

China’s influence in the region, on the other hand, is stabilizing as a mediating power factor, which resulted inter alia in the March 2023 breakthrough to resume Saudi-Iranian relations that had been on hold since the early 2000s. It has often been forgotten that Beijing’s footprint in the region dates back to the mid-1970s, although a coherent strategy regarding the People’s Republic’s interests in the region initially had to give way to other priorities.

As a result of the economic boom begun thanks to Deng Xiaoping’s reforms in the late 1970s, China became a net importer of crude

oil, which has since become one of the dominant factors in its Middle East policy. From then on, the question of regional stability in the Gulf (and elsewhere) began to gain in importance, ultimately becoming integral to China’s security interests.

Currently, China obtains more than 50 percent of its crude oil needs from the GCC countries; moreover, these countries are located along an indispensable transport corridor in the China-led Belt and Road Initiative. Saudi Foreign Minister Prince Faisal bin Farhan Al Saud just recently officially visited Teheran and had meetings with Iranian President Ebrahim Raisi and his Iranian counterpart Hossein Amir-Abdollahian. In a comment published on 6 June 2023 in *Arab News*, one of the leading English-language newspapers in Saudi Arabia, Henry Huyiao Wang, Founder and President of the think tank Center for China and Globalization (CCG) noted the following: “Many regional countries have been actively diversifying their foreign relations, seeking to improve ties with different regional and global powers. This strategic approach aims to break dependencies on specific global powers and enhance autonomy in decisionmaking.”

The rapprochement of the two regional powers (Iran and Saudi Arabia) has the potential to set the balance of power in the region—which is marked by numerous conflicts—on a new footing in the medium term. The traditional mediating role of the U.S. in the Middle East and the Gulf region is being challenged by China's successful moves.

The GCC countries have also shown interest in participating in China's Belt and Road Initiative. Projects such as the construction of the Duqm Port in Oman and the expansion of the Jebel Ali Port in the UAE demonstrate China's growing influence in regional infrastructure development. It can therefore be assumed that the GCC region will continue to gain importance in the struggle of the two leading world powers for influence and regional hegemony in the coming years.

### *Multivectoralism*

Properly understood, QEF made it clear that Qatar's ambitions to take its proper place in world politics are to be taken seriously. Doha's available capital and the country's strategic stakes in international companies, coupled with the country's cultural

diplomacy and its soft power, are to be understood as essential factors in this strategy.

The GCC states, above all Qatar, see themselves as a link between Europe, Africa, and Asia. This results in a geostrategic prioritization of multivector constellations and a focus on maintaining a balance of power between Washington and Beijing—both regionally and globally. The Gulf region is therefore expected to continue playing an important role in contemporary geopolitics, as it remains an important source of energy and a major hub for international trade.

Qatar's geopolitical significance lies in its proactive and independent foreign policy, regional engagements, economic influence, soft power initiatives, and defense cooperation. Despite its small size, Qatar has skillfully navigated the complexities of regional dynamics and global geopolitics, establishing itself as a significant player with a voice that resonates far beyond its borders. As Qatar continues to leverage its strengths, build strategic alliances, and contribute to regional stability, it will play an increasingly important role in shaping the evolving dynamics of the Middle East and the wider international community.

The foreign interests in the GCC region are multifaceted, encompassing energy security, geopolitical influence, economic partnerships, security cooperation, counterterrorism efforts, and maritime security. These interests shape the interactions between foreign actors and the countries of the region, influencing regional dynamics, economic development, security cooperation, and potential risks.

Understanding and managing these interests is essential for the GCC states to ensure their sovereignty, stability, and long-term development while balancing external engagement with their respective national objectives and national interests. Any major power pursuing a comprehensive approach to geostrategic and

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*It is essential for all the major powers and all other serious actors to understand the perspectives of the countries in the Gulf region as they themselves understand them, and to provide appropriate offers for cooperation on this basis.*

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economic action can no longer afford to neglect the Gulf region. In addition to building regional competence and networks with decisionmakers, it is essential for such outsiders (as well as all other serious actors in international politics) to understand the perspectives of the countries in the region as they themselves understand them, and to provide appropriate offers for cooperation on this basis.

The time in which the Gulf states could be understood as mere object of great power rivalry has passed; like other places (including the Silk Road region), the Gulf region is on the cusp of becoming a fully-fledged subject of an emerging international order still in the midst of being established. <sup>BD</sup>

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# Awakening Peripheries in the Great Power Clash Zone

## Can Eastern Europe, the South Caucasus, and Central Asia Come Together?

*Jakub Korejba*

This essay explores the consequences of the fact that states of Eastern Europe, the South Caucasus, and Central Asia face a structural problem of the same nature: they are all located at the periphery of the main centers of global development and, for a major part of their contemporary history, were subject to external structural forces that perceived them as objects of great power rivalry (the “Eurasian Rimland,” as Halford Mackinder put it) and not as subjects of international politics.

These countries are or at least should perceive themselves as a bridge between the East, West,

North, and South due to their location between the “Eurasian Heartland” (also Mackinder) and the coastal “Sea Powers” (Nicholas Spykman). Unfortunately, this also puts them exactly in the “clash zone” of virtually every potential conflict between maritime and continental powers. This specific position has historically determined conditions for their development (or the lack thereof), and for a long time made the development of direct horizontal ties between them impossible.

For most of their history, the political, economic, and cultural ties that they could have potentially maintained with each other were

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either non-existent or vertical, effectuated through the respective geopolitical center that dominated them. Although now formally independent for more than 30 years, this still remains the case—as most of the countries located in those three areas finds themselves not strong enough to challenge the old, new, or potential hegemon interested in keeping them in a subordinated condition. From the point of view of Moscow, Beijing, Brussels, or Washington, it makes little sense to let Warsaw, Baku, or Astana elaborate the sort of horizontal ties with each other (or others in their respective neighborhoods) that could potentially make each of them more (much less fully) resistant to the pressure of great powers still intent on instrumentalizing as a playground for their ongoing power struggle.

The ultimate goal of all “Rimland” countries is (or should be) to emancipate themselves from the influence of great powers and to channel regional structural forces to advance their own interests. If the states located in the aforementioned areas are

to fulfill their obligations towards their own populations, there is no other choice than to make a try to extend their respective autonomous decisionmaking parameters. But due to the significant disproportion of potential between each one of them and their respective potential hegemon, this can hardly be realized individually. The only possible way for the Eurasian periphery to contest its actual status—to break the heretofore structural logic and durably change its own position in the system—is to establish mutual ties that would change the geopolitical nature of the externally-shaped periphery into a self-determined center. This, if made real, would potentially create a synergy effect, which would, in turn, oblige bigger players to negotiate (as opposed to simply demand and enforce) the conditions of their presence in those regions.

The geopolitical emancipation of Eastern Europe, the South Caucasus, and Central Asia from the influence of global forces would introduce a new quality of relations not only between those regions, but, due to their geographic location on

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the edge of two (or more) macroregions, would also influence relations between great powers forced to take into consideration regional and inter-regional factors. This would correspond to the logic of multipolarity and ultimately lead to the onset of what about a decade ago the likes of Charles Kupchan described as “no one’s world” and Ian Bremmer and Nouriel Roubini described as a “G-Zero world.” But there is hardly a chance that the global guardians, who perceive the countries of Eastern Europe, the South Caucasus, and Central Asia in a very traditional way (i.e., as geopolitical objects) would agree that negotiating with each of the states in question is easier and more efficient than doing it the old-fashioned way by reaching an overall deal with the other members of the concert of powers.

The question is whether this pattern of great power behavior can be broken.

The still-present, overwhelming disproportion of potential as well as the resistance of great powers to the emancipation of the countries located on the edge of several spheres of influence leaves them no choice other than to adopt a transitional strategy that consists in institutionally joining existing or planned supra-regional projects

designed and led by one or more of the great powers (e.g., EU, NATO, EAEU, CSTO, SCO, BRI).

The one that is optimal (that is to say, the one in which the profit and loss ratio is the best) for that specific country with its geographical position and internal structure could be said to be, for example, the EU and NATO for Poland, the EAEU for Kazakhstan, and BRI for Azerbaijan. But the ultimate goal for all of them is not to dissolve their newly established (or reestablished) sovereignty inside supranational structures led by others, but the opposite—namely, to use those structures to strengthen their respective sovereignty and establish (or enlarge) their decisionmaking autonomy, both geographically and functionally.

And here we come to the core dilemma that defines the stance of countries from the Silk Road region (and beyond): *how to integrate themselves into the global economy on the best possible terms without losing their political autonomy and maximally widening their sovereign decisionmaking margin.* In another words, how to negotiate the best possible conditions for their participation in global economic and security systems.

## Poland's Posture

Although Poland may seem to be a distant place from Azerbaijan or Kazakhstan, the basic strategic calculation behind Warsaw's foreign policy posture is based on premises very similar to those present in the capitals of the countries that make up the core Silk Road region. The paramount strategic objective is conditioned by the historical experience of the loss of sovereignty and a strong conviction that doing what is necessary to prevent its repetition is an imperative.

Poland's location in a transitional region in which the interests of great powers collide has made that country—more than once—an object of geopolitical horse-trading that completely disregarded local national interests and often overtly violated its sovereignty. More than once, this resulted in the complete disappearance of Poland from the political map. This experience implies an overall distrust towards the games and machinations of great powers as well as skepticism

towards supranational structures often seen as a fig leaf designed to elegantly mask the dictate of stronger partners. And this makes the underlying Polish stance towards the international system similar to the one represented by the core states of the Silk Road region: all of them try to fix their place in the system in a way to durably move from the category of objects of international politics to one of subjects. All major decisions, be they military or economic, are made with regard to this crucial criterion; all major systemic shifts are also rated according to it.

As a consequence, the countries located in the “Eurasian Rimland” are natural allies in a struggle to limit the margin of the expansionist activity of great powers (potential dominators) and to durably transform the international system into a multipolar one. This is the primary reason (i.e., *not* emotional sentiment) that Poland is massively supportive of Ukraine, critical of Belarus (although only up to the point where Polish criticism could not potentially harm its independent statehood),

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supportive of Azerbaijan (perceived as a driver of multipolarity, the bottom-up force), and critical of Armenia (seen as a Moscow's proxy and an executor of the top-down trends).

The same logic applies to the Polish position towards the EU, the United States, and China with their existing or potential influence in all parts of the “clash zone.” From Warsaw's rational perspective, being pro-American is a product of an assessment that Washington can make the best play to ensure that the “Eurasian Rimland”—historically dominated by Russia in a virtually absolute way—becomes geopolitically more plural by attracting an alternative force. Poland sees the United States as crucial in preventing the restoration of a geopolitical monopoly that was the reality for that part of the world for the past two centuries—uncoincidentally, its initial appearance corresponds to the period in which both Poland and Türkiye lost their regional power status together with the ability to balance the expanding continental power from the northwest and southwest, respectively.

In today's reality, the rise of American and Chinese influence is seen as a function of Russian weakness and thus perceived as a guarantee to enlarge the space for

regional and local junior-partners to conduct their own affairs in accordance with an understanding of their own national interests. Having to deal with two distant powers is perceived as less risky (by far) than being left in an eye-to-eye stance with a directly expansionist force. From the Polish perspective, whenever Washington or Beijing grows more powerful anywhere in the “Rimland” at Moscow's expense, this is seen as progressive in relation to Poland's previous position as a part of the Russian sphere of influence, when Warsaw's foreign policy was subordinated to Moscow's strategic aims. The problem—increasingly discussed in Warsaw but still unsolved—is how Poland can balance the respective influence of the great powers in a situation in which an evidently approaching clash between China and the U.S. is the emerging reality.

For now, neither Eastern Europe nor the South Caucasus are direct objects of Sino-American rivalry, but as tensions in other parts of the world increase, it is quite likely that the countries in the aforementioned regions may easily come to be perceived by both antagonists in a way doubly harmful for those who actually live there: both as a battleground for conflict and as a currency (an object) of something that in the future may amount to

an understanding on respective spheres of influence.

What makes the situation even more risky, from the Polish point of view, is the fact that both the U.S. and China will, in the time ahead, act in accordance with “Kissingerian” triangular logic by trying to convince Russia to join them as an ally (or at least to secure Moscow's neutrality) in a forthcoming global collision. Russia's alignment with either would certainly change the bilateral balance of power and possibly determinate the final result of the main global struggle of the twenty-first century. But any possible deal would require rewarding Moscow and, obviously, this would be made manifest in the regions that Russia perceives as its exclusive “zone of responsibility.” And the longer the conflict between America and China stays unsolved, the wider Russia's decisionmaking margin becomes: as tensions rise between Beijing and Washington, Moscow may demand more in exchange for its friendship or neutrality, furthering Polish fears about a “new Yalta” arrangement that would affect Russia's direct neighbors.

The greatest geopolitical fear existing in Warsaw applies not only to Ukraine but to all former Soviet republics. It consists of a suspicion

that Washington (as well as Berlin and Paris) does not perceive them as durably independent and, in turn, conditions its strategy towards them in the context of its own relations with Moscow—in other words, that the American (and the Western in general) stance towards the “newly independent states” still remains a function of its relations with Russia. Thus, if Moscow proposes a deal that is truly attractive to Washington, the fear is that the latter would quickly drop its support for liberal internationalist principles and values for the sake of advancing its *Realpolitik* strategic interests, in the same way that Churchill and Roosevelt did when they needed Stalin to keep fighting Hitler.

### *Geopolitical Aspect*

This is but the latest manifestation of the sempiternal fate of small and mid-sized countries located in the middle of a “clash zone” where the interests of great powers collide. But the foregoing should in no way be understood as an argument for such countries to give up their sovereignty and passively wait for the result of the next round of the Great Game that would, once again, place those countries on the side of a new geopolitical partition—one that they never chose themselves.

In the context of what we can call the “Eurasian puzzle,” the only choice for such states—driven by decisionmaking that properly understands national interest—is to join the game at the right time and each to assign to itself the right role so as to be able to bargain for an optimal position in the new order that will result from the actual struggle (analogous to the way Italy did during World War I and France during World War II). And the optimal strategy for each is to find allies among countries with a similar perception of the situation, which means, in practice, those located in similar geopolitical conditions. And, again, this points to the countries that make up the core of the Silk Road region (the term is certainly imperfect, but as it describes reality in the making—there is no better one).

In the twentieth century, whenever Poland was a sovereign country and able to exercise its foreign policy according to its own sovereign priorities, it perceived the subordinated nations of the Russian Empire and the Soviet Union as its potential allies to contain the imperial threat that was common for all of them. For both objective and subjective reasons, the response from those

countries or nations was not always optimal (they either could not or would not form any kind of serious alliance with Poland), but Warsaw never dropped the conception of changing the Russian-dominated geopolitically grey East into a plethora of glowing multicolored independent states. And, after 1991, the dream came true: the former Soviet republics became independent states—and with this, potential Polish allies.

Regretfully, for different reasons, not all of them decided to fill their formal independence with real sovereign decision-making—at least not at once and not for good. The case of Armenia is an obvious example, but there are others. The influence of a former metropolis is not something a “newly independent state” may safely ignore, and this was also true for Poland itself, whose path to non-dependence from “newly independent” Russia was neither linear nor rapid. Hence Poland’s main foreign policy criteria towards those post-Soviet states was and remains the degree of independence that each is able to manifest towards Russia—and not, for instance, the degree to which these countries embrace Western-style visions of liberal democracy, or the technicalities of their electoral systems.

The Polish stance towards the countries that make up the core of the Silk Road region is determined, on the one hand, by a vision of all those states becoming a durable element of a regional political arrangement predicated on some sort of institutional bond (so as to avoid becoming “seasonal states”), and, on the other, by the fear that one day they may lose their independence—either by losing control over a part of their territory (e.g., Georgia or Ukraine) or effectually relinquishing their sovereignty (e.g., Belarus or Armenia). That is why (and this is a distinct question that could be explored in detail in a separate essay), the case of Azerbaijan regaining its sovereignty over Karabakh forms a crucially positive example of how a “periphery state” can strengthen its position against its former metropolis as well as enforce a post-imperial order and the territorial status quo without provoking a large-scale war and even without spoiling the bilateral relationship.

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### *Socio-Economic Aspect*

From Warsaw, as well as from all the other post-communist capitals of Central and Eastern Europe, the simple fact of the independent existence of the eight countries that make up the core of the Silk Road region is a value in itself. But, in the long term, their sovereignty may be guaranteed only by the rising quality of their statehood measured by economic and social indicators. To put this simply: the value of independence for ordinary people (those who will defend their country in case of a post-imperial paroxysm) demands that everyday life in post-imperial circumstances needs to be better than it was under the Russian-dominated period of socialism.

Had the economic, social, and institutional reality in Ukraine unequivocally represented something similar to European standards (or was at least positively contrasted with the Russian reality) before 2014, then there would have been little popular support for any

kind of successful separatism in Crimea or Donbass. This lesson from Ukraine (there are obviously others) suggests that it is crucial for the core states that make up the Silk Road region to avoid the adoption of policies that could turn into a source of discontent for their own citizens. And for that, a strong and durable driver of economic growth is needed. And, due to the effects of centuries of what was effectually a colonial status that resulted in a suboptimal level of harnessing internal potential, may realistically come only from an outside power.

In the case of Poland, that outside power has been the European Union; in the case of the South Caucasus, it seemed, at least for some time, that it might be Türkiye; and in case of Central Asia, the most obvious outside power is now China. The lack of economic self-sufficiency (let alone the lack of potential for growth in size and intensity to make up for lost time) forces all those countries to seek a wider economic framework.

This puts all of them into a fragile situation that, in turn, forces them to confront a crucial dilemma, which can be put in the form of a question: how to assure economic growth without renouncing political sovereignty? In other words, how to integrate into existing formats of economic cooperation in a way that strengthens independence rather than blurs it through membership in a wider block (this time a geo-economic rather than a geopolitical one, but this makes little difference in practice)?

Seemingly, the only way to make global economic integration work towards strengthening the independent legal and institutional orders of countries placed between the great powers is for them to demonstrate that their independence represents a kind of a public good from the point of view of the international system as a whole.

This is obvious for the political elites and populations of the interested countries, but it may seem not evident for former, actual, and

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*How to assure economic growth without renouncing political sovereignty?*  
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would-be hegemons (or empires) that tend to pursue, as a matter of course, a policy of “geopolitical optimization”—a policy that means, in practice, that the fewer partners they need to arrange this or that project, the better. The unsurpassed ideal is the American “unipolar era” of the 1990s and 2000s in which the world’s sole superpower truly did not need to consult with any other country; still, the relative simplicity of the Cold War era’s bipolarity—managing the world by reaching out to a single other superpower—is also a tempting one.

Needless to say, both models are (or should be) unacceptable for the countries located between the great powers. That is why the task of the Silk Road countries is to maximize the pluralization of their own political and economic environment. This, in turn, requires them to attract as many partners as possible to take part in economic projects realized in the part of the world located between China, Russia, and the EU—put in corporate terms, their task is to make the shareholding structure of the post-Soviet order pluralistic enough to avoid a hostile takeover by any of the major partners.

Thus, from the point of view of countries like Poland, it is absolutely fundamental for the Silk Road region’s economic

development not to turn into (or be perceived as) a “Chinese project” that is seen by the U.S. and the EU as being in opposition to their own interests. Seeing the economic development of the “Eurasian Rimland” as a zero-sum game will result in a lack of economic development as such, which is exactly what happened in the nineteenth and twentieth centuries. During the Cold War, for example, both the U.S. and the USSR preferred to leave those places abandoned and underdeveloped rather than to permit any activity that would potentially change the fragile balance of power between them. The only exception—Afghanistan—twice demonstrated that any attempt at socio-economic development imposed by outsiders and subordinated to the logic of great power competition (and with complete disregard for the internal structure of the concerned society and its national interests) results in a world-class fiasco.

If what used to be known as the ‘Eurasian periphery’ (i.e., Eastern Europe, the South Caucasus, and Central Asia) wants to be both politically independent and prosperous, it has to prove that its own independence and prosperity is an integral part of the global agenda—a matter of universal

profit for all potentially interested players. That is why it is crucial to present (and sincerely think of) the Silk Road region in a maximally broad way—even to push the limits of how this (imperfect term, as noted above) is defined in the Editorial Statement of *Baku Dialogues*: “that part of the world that looks west past Anatolia to the warm seas beyond; north across the Caspian towards the Great Steppe; east to the peaks of the Altai and the arid sands of the Taklamakan; and south towards the Hindu Kush and the Indus valley; and then looping around down to the Persian Gulf and back up across the Fertile Crescent and onward to the Black Sea littoral.” In other words, the Silk Road region does not just include parts of Central, Eastern, and Southern Europe, the South Caucasus, and Central Asia, but also Türkiye, Afghanistan, and parts of South Asia and the Middle East, and even parts of the Mediterranean basin.

Only by turning what Zbigniew Brzezinski liked to call the “Eurasian Balkans” into a zone of prosperity and cooperation will it be possible to avoid the two historically most common scenarios: a chaotic “war of all against all” or imperial partition.

### *Strategic Aspect*

But economic development rarely happens without strategic stability. No rational market player is ready to invest full-on into a region full of existing and potential security threats and risks. This implies the question about who will guarantee security in a region that was traditionally an arena for all possible internal, local, regional, and global conflicts.

Here, again, the logic of the countries of the region clashes with that of the great powers: if the states that make up the core of the Silk Road region are unable to establish security conditions for economic development and, instead, need to reach out to external forces in that regard, then in what way is their independent existence a better option than the imperial order that existed beforehand?

Regional security issues in this part of the world can be understood on three basic levels: internal, inter-state, and external. Internal peace and social cohesion are essential conditions for each state to develop itself, but also to take an active part in regional and supra-regional projects. If a country is plunged into internal conflicts of an ethnic, national, or

economic nature, then it is unable to become a reliable partner to both its immediate neighbors and global actors.

Afghanistan is the best example of this type of internal disfunction, which paralyses any opportunity to take advantage of the country’s potential. Being located in the exact middle of ‘Eurasia,’ Afghanistan disposes of a potential to host and operate all kinds of infrastructure and connectivity projects. It could become the world’s ultimate crossroads. But due to long-lasting and never-ending internal disorder (caused inter alia by external factors, but every country in the “clash zone” is permanently exposed to such interference), it is a country whose role is likely to remain a buffer between great power’s spheres of influence rather than a link between them (and, in parallel, adjacent regions).

The Afghanistan example clearly demonstrates the dreadful alternative to peace and development that is valid for all the countries located in the “Eurasian Rimland.”

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Due to the permanent geopolitical pressure exercised by the great powers, all the countries belonging to the Silk Road region may either play a connecting role (in case they are internally apt to operate it) or will be forced to play the role of a buffer (in case they are unable to establish internal order). In the latter case, their unpredictable internal situation is used by the Great Game players to create a barrier to the possible expansion of their actual rival. This was true for Great Britain versus Russian Empire in the nineteenth century and it remains true in the context of the America-versus-China game of the twenty-first century.

Had Afghanistan not been invaded by the United States in the first years of our century, the country would have most probably entered the Chinese orbit several decades earlier. This would have strengthened China’s potential to spread its influence westwards and southwards all across the “Eurasian Heartland.” That is why, in my opinion, from the point of view of considerations having to do with the strategic balance of power, it

is not accurate to qualify the 20-year American presence in Kabul as strategic failure. Certainly, the Americans did not manage to turn Afghanistan into an American ally, but at the same time they prevented the Chinese from doing the equivalent. And, after their departure, the country is in a condition that will not let it become a viable partner for any supra-national project for the foreseeable perspective—whether led by China or anyone else.

The Afghanistan lesson for all the other Silk Road region countries is that if a country goes through internal turbulence, it always—intentionally or not—confronts external powers with a temptation to use the situation to its advantage (or, at least, in the event that an advantage is unrealizable, to the detriment of its actual or potential rival). In a geopolitically fragile region, the internal peace and stability of a state is even more crucial for assessing its chances to survive and develop than elsewhere.

The second level of regional security issues is the inter-state one—that is, between countries located in the geopolitically transitional Silk Road region itself. When countries fight with each other (e.g., Kyrgyzstan-Uzbekistan, or Armenia-Azerbaijan), this not only has a

negative impact on bilateral relations but also paralyzes (at least partially) the realization of supra-national projects. The transitional nature of the region affects all the states located in it, and the full realization of the region's potential may be acquired only by a common and inclusive cooperation effort. This means that if two (or more) countries belonging to the Silk Road region are in conflict with one another, the ambitions of all the others are put on hold (at least partially). The “one for all, all for one” principle applies, and as long as frozen and potential conflicts exist between the countries of the Silk Road region, full strategic cooperation is impossible—and, again, not only between the two (or more) hostile sides. The specter of conflict impacts negatively upon the region as a whole; it makes all the states therein more fragile.

The most evident example of how bilateral conflicts may delay economic growth is certainly the case of Armenia—i.e., its attempt to perpetuate the occupation of around 20 percent of sovereign territory belonging to Azerbaijan. By refusing to understand what it would take to become a constructive element of regional cooperation, Armenia not only set in motion events that prevented its own development for

three decades (not to mention, of course, the loss of territory it had illegally occupied).

The ongoing process of Armenia-Azerbaijan normalization (in which Russia is understood by the parties to be the “mediator”—in distinction to the EU's role as “facilitator” and that of the United States as “supporter”) is, in my opinion, ultimately a result of Chinese pressure exercised on Moscow. As long as Yerevan saw itself as an element of a wider coalition of revisionist forces, it could continue to paralyze the development of alternative (to Russia) connectivity projects. But once the balance of power between Moscow and Beijing changed (in favor of the latter), Armenia found itself overwhelmed by the structural forces that encourage the transitional potential of the region to be realized.

In this context, the Polish example clearly demonstrates the positive alternative: the dynamic economic growth of the country in the last three decades is a direct result of the fact that after regaining its sovereignty, Poland immediately

and permanently fixed its borders with all its neighbors, although (or, possibly because) there was space for potential territorial dispute with literally each of them. The post-Soviet territorial status quo may sometimes seem strategically suboptimal and historically unjust,

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but the fact is that durable economic development can only be based on the existing territorial framework. The case of all disputed territories in the post-Soviet space—left with virtually no investment and suffering depopulation—is a

clear message that in the strategic perspective, a “bad” peace is always more profitable than any “good” war.

But security risks in the Silk Road region may also come from the outside—the third and final level of regional security issues, as noted above: any potential conflict, whether internal or bilateral, risks being turned into an opportunity for external actors to use their destructive potential in the service of their own interests. Contestation of the territorial status quo in the region was more than once an instrument of a great power's playing

the game of shrinking a junior partner's decisionmaking maneuverability, diverting the latter's resources from developing horizontal ties to fighting with each other, and keeping the region inaccessible for their geopolitical rivals.

Ensuring that the territorial issues of countries like Azerbaijan, Georgia, and Ukraine remained unresolved was seen as the best guarantee that those countries could not join any serious international projects that might enable them to become autonomous parts of global economic processes that were not controlled by Moscow. The same logic applies to the United States, which intervened in Iraq to prevent the country from becoming a part of a potential Shia integration project that would have involved Iran, Syria, and Lebanon, and the current attempts by France to encourage Armenia to continue acting as a brake to regional cooperation so as to restrain the rise of Turkish influence in the Silk Road region. (Note that the above sentences explain motivation, not necessarily describe success.) Here, again, from the point of view of global players, no development turns out to be a better option than non-controlled development, or one controlled by an actor seen as a global or regional rival.

And here, again, the functional linkage between economic development and security reveals its immanent nature: if China is to push forward its Belt and Road Initiative, then it has no choice but to provide the core states of the Silk Road region with security guarantees (or at least to offer them) and to be ready to actively engage its own resources to enforce these in case a security risk turns into a danger. For many years, taking responsibility for the security of other countries—and its corollary, the direct projection of power—seemed to be incompatible with the Chinese development project, which constantly kept its isolationist nature. But what we are apparently seeing now, after Russia's diminishing capacity to guarantee stability in Central Asia, is an evident tendency of Chinese diplomacy (as it applies to Central Asia, at least) to support its own economic projects by offering up its own security guarantees. And this may be understood as a major shift of Chinese perception of its own presence in the region: simple realism drives Beijing to the constataion that there will be no BRI without the formalization of Chinese responsibilities for ensuring peace and security in Central Asia and, perhaps, points further to the west.

The problem, from the perspective of countries actually lying in it, is that it historically happened to the “Eurasian Rimland” that the onset of a ‘hard’ presence by one of the global powers was often seen through a zero-sum lens by other global protagonists, and thus often provoked attempts to destabilize the situation. In the case discussed in the previous paragraph, this would involve, say, the Americans escalating the destructive potential up to the point where Chinese projects would become unfit for purpose. And here, again, the only alternative to turning the countries of the region into Great Game instruments is to elaborate peacekeeping mechanisms based on multilateral arrangements between the Central Asian states themselves—that is, not to depend on one (or more) external power(s).

If China replaces Russia as Central Asia's security guarantor, this will not pacify but rather activate countermeasures introduced by Beijing's global rival—with potentially disastrous consequences for the region itself. This is arguably

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*The awareness of existing as well as potential risks, together with historical experience, should lead all of the countries located in the “clash zone” to the constataion that the elaboration of a common strategy is an optimal response to the actual situation.*

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what happened to Ukraine and has resulted not only in the physical devastation of parts of the country but also in its (indeterminate) exclusion from any wider progress-driving economic projects. And given the disproportion of forces between the countries occupying the “Rimland” and the great powers, this may potentially happen to another of the “Rimland” states.

### *Premises of a Common Strategy*

The awareness of existing as well as potential risks, together with historical experience, should lead all of the countries located in the “clash zone” to the constataion that the elaboration of a common strategy is an optimal response to the actual situation. If those countries are not satisfied with their position of being seen as operating on the periphery of existing geopolitical and geo-economic realities (presumably, they are not satisfied), then the best

option is to take collective measures become the center of a new reality. And this requires the elaboration of a new international identity that would be inclusive of *all* the states of the “Eurasian Rimland”—perhaps even pushing beyond the maximally broad interpretation of the definition of the Silk Road region as reproduced above.

The traditional conceptual division of “Eurasia” championed by the Great Game’s players—of which the notions of ‘Eastern Europe,’ the ‘South Caucasus,’ and ‘Central Asia’ are the products—should be replaced by a common perception of all its constituent states that they are, in fact, each integral parts of a unique and autonomous area, whose role in the international system ought to be defined independently of the power relations between the great powers.

Poland’s development model as a periphery of the West has already reached its limits, and the same is true for, say, Azerbaijan or Georgia as somehow belonging to the Russian “near abroad.” In parallel,

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*Political, strategic, and economic subjectivity is a mere expression of a mentally enrooted complex of geopolitical provinciality that results from a historical experience of helplessness in confrontation with overwhelming external pressure.*

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the Central Asian republics ought to have no desire to become passive elements of a future Chinese sphere of influence. This double rejection of subordinated status opens the door to the establishment of a community of interests that predestines the core

countries of the Silk Road region to undertake a common effort of emancipation. The basic condition for this vision to come to fruition is to avoid two major historical scenarios: domination by any single external power or becoming a conflict zone between two or more great powers.

To avoid being dominated by any single power, it will be necessary to balance against it with other actors, and this, in turn, will require attracting their attention and then assuring their presence. It follows that the ongoing and planned infrastructure ought to be designed in a different way than it had been previously, when the Silk Road region’s economic function was subordinated to the strategic considerations of others: roads and railways served great powers to either exploit local resources or

approach rivals and make potential expeditions technically easier, or both. Nowadays, it is important to build roads, railways, pipelines, and ports in a way that none of the interested great powers consider this development in terms of security risks or as being incompatible with their own national interests.

To avoid being turned into an arena of great power clash requires that no reason is produced by those belonging to the region that would serve as pretext for external powers to intervene. That is one reason why true inclusiveness is required to make all the countries of the “Rimland” see their interest in terms of being part of a common project, and to avoid turning one or several of them into a “fifth columnist” or an instrument of a hostile external power. That is why it is so crucial for, say, Azerbaijan not only to ensure it signs a formal peace treaty with Armenia but to actually convince Yerevan to transform its unconstructive stance towards its immediate neighbors into one of genuine and active cooperation. The Turkish carrot here is likely to be important, and Baku seems to be very much aware of this.

But avoiding the two negative scenarios outlined above does not automatically mean that the Silk Road region will transform itself into a

flourishing panacea of connectivity. Political, strategic, and economic subjectivity is a mere expression of a mentally enrooted complex of geopolitical provinciality that results from a historical experience of helplessness in confrontation with overwhelming external pressure.

The project to emancipate the Eurasian periphery—if it is to be realized—will require a change of the mental map; if it is to succeed to motivate political elites and populations in terms long enough to be made real, it must become a genuine expression of the true aspirations of its inhabitants. When a project is realized apart from the existing social and cultural trends, it may very well end up like in Iran in 1979 or Ukraine in 2014. The political will of the governments to form a new geopolitical reality must be based in an overwhelmingly popular conviction that its content and aim reflect the way that people of the “Eurasian Rimland” actually want to live.

It is a vast understatement to say that formulating—much less executing—a single, unified vision of a shared future is a complicated task in a region where different identities competed and fought with each other for ages.



## The Role of Connectivity

The consciousness of a common destiny is a product of subjective human perception; and this is, in turn, formed by a number of cultural, psychological, and confessional factors that vary in every society according to its own unique historical experience. In the past, those factors not only prevented peoples located in the “Rimland” from seeing each other as partners, they also disincentivized them to develop horizontal ties of cooperation. If all the states concerned are to change their peripheric status, then a single, shared geopolitical and geo-economic logic must come to characterize the decisionmaking process of each.

Obviously, such a mental shift does not occur in a moment: it is a process that requires different timing in each of those countries. But having in mind the extreme heterogeneity of this to-be region (and of the geopolitical unit to come), the only way to create a common consciousness is to concentrate on connectivity.

If the rebellion of the peripheries is to succeed, then it must serve the real needs of the people who actually inhabit the region itself. And if the “Rimland” states are to act

according to a common logic, then they must grasp their common interest, which is, in turn, impossible without getting to truly know and understand each other.

It took several centuries and more than a few catastrophic wars for Europe to come to a conclusion that, independently of which country takes the most part of the advantage coming from the process of integration in the short term, in the long term, it is the most rational and successful choice for all of them. Modern communications and transportation networks may make this process faster for the “Rimland” countries, but, nevertheless, a strategic plan is required to make the foregoing workable. The only way to acknowledge a common geopolitical position for people coming from different cultures is to enable them to grasp that, independently of all possible differences, people from Warsaw, Baku, Astana, and all other capitals of the “Rimland” states perceive the overall “Eurasian” structure in the same way.

This task may be fulfilled only by the rapid and intense development of person-to-person contacts between up-to-this-point relatively isolated societies. This can hardly be acquired by exclusive recourse to traditional diplomatic

instruments; it will also require the development of more land, air, and maritime communications, the maximally possible simplification of visa regimes, and the intensification of contacts between business, students, academics, and tourists. This

will require the overcoming of multi-century geopolitical inertness and, at least at the first stage, quite a bit of political voluntarism—sometimes even to the detriment of immediate economic gains.

Does this mean we should conclude that all of this amounts to a “mission impossible” scenario?

## Conclusion

Certainly, breaking the geopolitical curse that has entrenched the peripheric status of the “Eurasian Rimland” for centuries is not only an attractive vision; it could represent the best way to overcome the effects of what amounts to a state of “arrested development.”

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*The decline of Russia in “Middle Eurasia” does not automatically mean that it will be replaced by Chinese influence; rather, it opens space for regional states to emancipate themselves and change the overall role of the region—to transform it from a periphery to a core.*

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The actual timing of the ongoing crisis on the Western flank of the “Eurasian Rimland” constitutes a useful opportunity to acknowledge the common fate of the countries located in a similar position to that of Ukraine, and to start elaborating on ideas that would serve as a conceptual basis for the new, postwar architecture of, let’s call it, “Middle Eurasia.” If countries like Poland, Azerbaijan, or Kazakhstan are to use the geopolitical shift underway globally to ameliorate their position in the new emerging international order by changing their peripheric status, then they need to acknowledge where they should be heading and act proactively to get there.

A window of geopolitical opportunity has opened up—and action must be taken before the great powers once again redraw the map of Eurasia without asking the interested people for their opinion or input. As Milton Friedman famously said: “Only a crisis—actual or perceived—produces real

change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around.”

The war in Ukraine activated several geopolitical shifts whose consequences will remodel Eurasian architecture far beyond Donbass and Crimea. The visible end of Russian domination over its “outer empire” in the western part of Eurasia will invariably have consequences for its southern and eastern components, as well. The deep and seemingly durable isolation of the Northern (that is to say, Russian) Corridor that linked East Asia to

Europe is causing difficulties in the short term, yet opens new perspectives in the longer term. In between these two periods—that is, all the time between the start of the present crisis and the establishment of a new order—is a window of opportunity for all the “Rimland” countries. The decline of Russia in “Middle Eurasia” does not automatically mean that it will be replaced by Chinese influence; rather, it opens space for regional states to emancipate themselves and change the overall role of the region—to transform it from a periphery to a core. **BD**

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# When the Economic Road Ends Is Another Great Depression on the Horizon?

*Tuomas Malinen*

*The crisis takes a much longer time coming than you think and then it happens much faster than you would have thought.*

– Rudiger Dornbusch

We begin with a quintessential American expression: “uh oh.” Those words very likely embody the thoughts of the chief examiner of the U.S.-based Silicon Valley Bank (SVB) on 10 March 2023, the day when that bank faced a cataclysmic run on its deposits. In just two days, SVB customers tried to pull an astonishing 87% of deposits from the bank. It is obvious that no bank can survive such an onslaught. SVB was destined to fail. And so, it did—on that very day, in fact.

Jonathan Rose, a historian and Senior Economist at the Federal

Reserve Bank of Chicago, has published an eye-opening inquiry into the historical parallels of the runs on Silicon Valley Bank, Silvergate, Signature Bank, and First Republic in a recent article in the academic journal *Economic Synopses*. His research paints a startling picture on the scope of those runs, placing them in the context of the history of the largest depositor runs in the U.S. banking system between 1934 and 2021.

Rose found that the most destructive bank runs in the period following the Great Depression of the 1930s and before 2022 have been

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the runs on Continental Illinois and Trust (which commenced on 7 May 1984), Washington Mutual (8 September 2008) and Wachovia (15 September 2008). They saw a deposit outflows of 30%, 10.1%, and 4.4% of total deposits, respectively. To note, the run on Continental Illinois in 1984 was already a largely electronic one due to automated wire transfers, and thus “lightning fast.”

The outflow from Silvergate was 52% (during Q4 2022); on SVB it was 87% (10 March 2023 + expected during the next day); on Signature it was 29% (10 March 2023 + expected next day); and on First Republic it was 57% (approx. between 10-24 March). These are truly historical figures, matching those seen during the Great Depression.

Many authorities and analysts are currently pondering what this all means for banks, their deposits, and countries in general, and where we could be heading. In this essay, I will explain why authorities have caused the on-going crisis, why is it likely to get much worse, and what this implies for the

world. I will conclude with a bit of unsolicited advice on how a certain category of countries, which includes Azerbaijan, can prepare and even benefit from its effects.

## *Short History of Banking Panics*

The first recorded financial crises occurred in the Roman Empire, which had a highly sophisticated financial system. Often crises were caused by some changes in regulations (or the ‘whims’ of emperors), which in turn triggered a panic among lenders and/or borrowers. When the European banking system started to develop in the Middle Ages, banking crises, naturally, re-emerged. The most well-known from this period are probably the failures of banks owned by the Peruzzi and Bardi families, in 1343 and 1346, respectively. Their lending to

England’s King Edward III as he prepared for a conflict with France that turned into the Hundred Years’ War, combined with political and economic upheavals in Florence, led

*This essay explains why authorities have caused the on-going crisis of bank runs, why is it likely to get much worse, and what this implies for the world*

to bank-crushing runs on those institutions.

The 1800s can be considered as the century of bank runs. Yale University economist Gary B. Gorton, one of the leading scholars on financial crises, calculates in his 2012 book *Misunderstanding Financial Crises* that the U.S. alone witnessed eight national bank runs during this period (in 1819, 1837, 1857, 1873, 1884, 1890, 1893 and 1896). Most of these coincide with the U.S. economic event most neglected by economic historians: the Long Depression (1873-1896). While researchers are still debating which of these runs should be considered as “national,” the fact remains that the nineteenth century produced a very high number of bank runs in America, not to mention elsewhere.

The largest banking crisis was, as is well-known, the Great Depression. Over 40% of banks, some 9,800 in total, failed in the United States during 1930-1934. This crisis quickly escalated into a global one, with, for example, the Austrian banking giant Credit-Anstalt failing in May 1931 and the Germany-based Danatbank failing in July 1931. Germany actually experienced a full-blown bank run during the

summer of 1931. This was caused by the remnants of hyperinflation, heavy war reparations (demanded especially by France, as per the Treaty of Versailles), and the failure of creditor countries to admit the dire straits of the German economy. After the Great Depression and World War II, a long “quiet period” followed, which was abruptly broken by financial panics in the Nordic countries (most notably in Finland) and in Japan in early 1990s.

The Great Financial Crisis (2007-2012) was caused by a systematic failure of hedging of U.S. mortgage loans by the banking sector and by the imbalances caused by the EU’s common currency (the euro) to its weaker members, namely Greece, Portugal, and Spain. This needs to be explained, briefly. The reason why some economists fail to see the 2007-2009 and 2010-2012 crises as two parts of a single whole is most likely due to their lack of understanding of the nature of the crisis in Europe. The EU’s “debt” crisis of 2010-2012 was a ‘brewing’ banking crisis, which would have erupted full-on had Greece defaulted on its debts (a very high share of which was held by German and French banks) and consequently abandoned the euro as its currency. The EU “debt” crisis was put in motion as a consequence of the

shock to the U.S. banking system in 2007-2009, which turned the flow of speculative capital out of the periphery of the Eurozone. For these reasons, I consider that the Great Financial Crisis runs from 2007 till 2012.

### *What Are Banking Crises?*

To put it in slightly simplified terms, *a banking crisis is an overwhelming demand of holders of bank debt to convert it into cash or other liquid forms of assets in the excess of reserves of a bank.*

A bank is an exceptional entity in the sense that while, for example, the output of a tractor company is tractors, the output of a bank is debt. This makes the bank an ‘anomaly’ in the corporate world. It follows the same accounting principles as any other corporation, but its output is a financial contract (i.e., debt). Commonly, this debt is given

out as an ‘IOU,’ meaning that the bank gives a promise that whatever sum you deposit there, you get it back whenever you want. In addition to deposits, this bank debt

can be in the form of bonds, derivatives, or inter-bank funding the bank has obtained from inter-bank markets. These are all liabilities to a bank, over which the holders have a claim.

Because the output of a bank are debt contracts, their holders, i.e., customers can claim them, basically, overnight, that is, depositors can withdraw their (demand) deposits almost instantly and holders of bank bonds and stocks can sell them, when the markets are open. This means that, basically, the whole “production” of a bank can collapse in a very short period of time through normal business transactions, whose level just overwhelms the resources (liquidity) of a bank. Hence the name: bank run.

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*A banking crisis is an overwhelming demand of holders of bank debt to convert it into cash or other liquid forms of assets in the excess of reserves of a bank.*

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Basically, no other form of company has such “ticking time bomb” embedded in the very heart of its business model.

It was long thought—and is even now considered by most—that

it is the job of regulators to make sure banks do not take excessive risks. This time around, however, the relevant authorities have done the exact opposite. I will explain this next.

## *A Crisis Caused by Authorities*

The global regulatory arm of commercial banks is the Basel Committee on Banking Supervision (BCBS), which operates under the Bank of International Settlements (BIS). BIS is often called the “central bank of central banks,” as it provides guidance also for central banks.

BIS was founded in 1930, making it the oldest extant international financial institution. It first acted as trustee and agent for the international loans intended to finalize the settlement of the reparations stemming from World War I, which explains its name. Then, as now, BIS accepts deposits of a portion of the foreign exchange reserves of central banks and invest them prudently to yield a market return. The BIS also provides a forum for policy discussions and international cooperation among central banks. Therefore, the actual contemporary role of the BIS in international finance is quite hidden. Some might even say ‘well hidden,’ because we know very little about what goes on in the BIS-led discussions between central banks. The work of the Basel Committee, on the other hand, is rather public, or at least is regularly reviewed.

The Basel Committee, originally called the Committee on Banking Regulations and Supervisory Practices, is an international banking supervisory board. It was established by the central bank governors of the Group of Ten countries at the end of 1974 in the wake of serious disturbances in international currency and banking markets (notably, after the failure of Bankhaus Herstatt in West Germany, which led to a counterparty failure in currency markets). Its role at the beginning was to enhance financial stability and serve as a forum on banking supervisory matters. Later, it developed into an authority that sets regulatory guidelines for global banking supervision.

In the wake of the Great Financial Crisis, the Basel Committee released its third set of internationally agreed set of measures (i.e., rules) for banks called ‘Basel III.’ The most ground-breaking, and also, in this case, destructive concept was the establishment of something called the Liquidity Coverage Ratio (LCR), which is calculated by dividing a bank’s High Quality Liquid Assets (HQLA) with its total net cash flows over a 30-day stress period. This was meant to ensure *that banks hold sufficient liquid assets to prevent central banks becoming the lender of first resort*, as stated at

the time by the Group of Central Bank Governors and Heads of Supervision (GHOS), an oversight body of the Basel Committee on Banking Supervision.

The HQLA were divided into three categories: Level 1, Level 2A, and Level 2B. Level 1 assets included cash and coins, central bank reserves, and marketable securities representing claims on or guaranteed by sovereigns, central banks, and certain recognized global institutions like the International Monetary Fund (IMF). A ‘haircut’ of the market value of 15% or more is subjected to Level 2A and 2B assets, in the LCR formula. After haircuts (i.e., cuts in the value of an asset in accounting), an upper limit of 40% of the overall stock Level 2A and 2B assets in the banks’ portfolio was set. This effectively established a very strong incentive for banks to hold cash, central bank reserves, and government bonds.

While the Federal Reserve has yet to fully implement the Basel III LCR rules in the United States, it gave pre-notification of doing so in October 2013, with a proposed transition period running from January 2015 until January 2017. While the LCR still has not been fully implemented yet, it is likely that proposed transition period affected how banks handled

their risk management. Moreover, the Basel II framework (the forerunner to Basel III), which was implemented in the U.S. in 2008, placed different risk-weights to bank capital with, for example, U.S. Treasuries having the lowest risk-weights. This essentially meant that Treasuries were preferred, by the authorities, as a source of bank capital, in addition to cash and central bank reserves.

Thus, because cash and coins as well as central bank reserves are a relative short supply, the U.S. banks began to acquire larger proportions of sovereign bonds. This is what SVB did, for example. That is, SVB bought U.S. Treasuries to counterbalance the risk caused by the major inflow of deposits. Effectually, SVB did what the authorities wanted, and it was not alone.

## *Deposit Binge, Panic, Rescue*

The U.S. deposit base has changed rather drastically during the past three years. The trend-like growth of commercial banks’ demand deposits commenced around 2010. During the next ten years, they grew from around \$450 billion to \$1,500 billion. However, the COVID-19

lockdowns (curbing consumption), the vast amount of stimulus checks issued by the U.S. government, and the massive monetary stimulus (effectively, a bailout of the financial markets during the spring of 2020) of the Federal Reserve rocked the demand deposits in the U.S. commercial banks to over \$5,000 billion in just two years.

These measures also ignited inflation, which forced the Fed to start its most aggressive hiking cycle ever in April 2022. In just little over a year, the Federal Funds Rate rose from 0.08% to over 5%. Naturally, the yields of U.S. Treasuries followed, inversely. The 20-fold rise in, for example, the yield of the 2-year Treasury note meant that the value of the underlying bond crashed. This in turn meant that those banks that had accrued them with near-zero rates (as encouraged by the relevant banking authorities), suffered heavy losses. These were labelled as “unrealized losses,” because banks obtain Treasuries as a held-to-maturity asset, which means that banks let them mature after which the Treasury returns the principal of the bond and pays the interest. Thus, they are not “actual losses” unless a bank is forced to sell the Treasury before it matures. Now, if a bank would face a deposit flee burning through its cash and easily liquified assets, it would be

forced to sell the Treasuries with a considerable loss. This is what happened, for instance, to SVB. It was estimated that at the end of 2022, U.S. banks (taken as a whole) were sitting on nearly \$2 trillion worth of unrealized losses. The large amount of unrealized losses was one reason why the run on SVB has spread, which forced U.S. authorities to intervene, strongly.

By 12 March 2023, U.S. authorities had concluded that there was a risk of a nationwide bank run. To halt it, they devised a three-step strategy. First, there was a joint statement from the Treasury, the Federal Deposit Insurance Corporation (FDIC), and the Fed, announcing that *all* depositor funds (also uninsured deposits) held in SVB and Signature Bank were guaranteed. Secondly, the Federal Reserve provided \$300 billion worth of liquidity into the system and announced that it will make “additional funds” available to all banks in what it called a Bank Term Funding Program (BTFP). Thirdly, in a highly exceptional move, U.S. President Joe Biden appeared on national television to assure that deposits in *all* American banks are safe.

Such a combination of rapid actions is truly exceptional, and it confirmed that the United States

was on the verge of a catastrophic nationwide bank run.

### *True Problems Have Not Yet Emerged*

The exceptional moves by the U.S. authorities quelled the panic in the U.S., while the “merger” (effectively a shotgun wedding) of UBS and Credit Suisse calmed things down in Europe. But only in the short term. Already at the end of April 2023, the crisis re-emerged with the failure of another U.S. regional lender, First Republic Bank. Its unfortunate fate provides important clues as to where the crisis is heading.

First Republic Bank had a heavy exposure to commercial real estate in metropolitan areas, including San Francisco, New York City, Boston, and Los Angeles, from which especially the first one was experiencing a deep slump in commercial real estate (it has continued unabated into the summer months). At the end of 2022, an astonishing 83% of First Republic Bank’s loan book consisted of real estate loans. Deposits accounted for 90% of the bank’s liabilities, and it had \$4,760 billion worth of unrealized losses, which was some 27% of its total equity. In other words, First Republic

Bank was not toppled by unrealized losses, but by its loan book. Why, one could ask, did First Republic Bank simply not borrow the money flowing out from the BTFP? Well, because it could not. The reason will become clear in the paragraphs that follow.

A 2016 paper by Natacha Postel-Vinay published in the *Journal of Economic History* provides an important notion from one of the most destructive bank runs during the Great Depression, or ever, namely the Chicago Panic of June 1932. Its findings are directly relevant to the present-day situation. Back then, wire transfers had already become commonplace, which means that part of the runs of that era also occurred electronically (i.e., rapidly). In her paper, Postel-Vinay shows that the size of the real estate loan portfolio was a crucial factor in determining the probability of a failure of a bank during the Chicago Panic, between 20-28 June 1932, because commercial real estate, and especially mortgages, had (have) very long contract maturities. Banks simply could not liquidate these to pay out heavy deposit outflows; as a consequence, they failed.

Small regional banks in the United States currently hold a vast majority of real estate loans (the figure is close to close to \$2 trillion).

In regional banks these have grown by 35% since the beginning of 2020, and by whopping 147% since bottoming out during the last week of 2011. Because real estate loans cannot be liquidated, many of these banks are likely to fail, if (or when) runs in the U.S. banking system commence. For example, First Republic Bank was able to borrow only around \$13 billion from the Fed's BTFP scheme, because it did not have any more assets to post as eligible collateral.

The cascading effect of the above is a decline in the ability of banks to lend, as deposits make up a large portion of liabilities of banks (especially regional banks). Thus, a growing deposit base enables the growing of the asset side of the balance sheet, including loans, and vice versa.

### *Credit Depression?*

In the May 2023 issue of *Deprcon World Economic Outlook*, a monthly publication put out by my firm, GnS Economics, we explored the credit tightening currently ongoing in the U.S. We noted:

The outflow of deposits from banks started at the beginning of November [2022] (there was a notable decline already in October [2022]). At the same time, inflows to money

market funds (MMFs), also accelerated. This is no surprise, as MMFs currently carry a much higher return (yield/interest) than deposits. In March [2023], the deposit-outflow accelerated into a rout, and currently [I.E., IN MAY 2023] the outflow of deposits is almost \$1 trillion (year-over-year), with the vast majority (over \$600 billion) exiting from the 25 largest [U.S.] banks. It should be noted that the U.S. has never seen such an 'deposit-exodus' since the records began (in January 1974).

While banks can and will balance the outflow of deposits with other means, like borrowing from interbank markets, such measures are only a temporary fix. This implies that as long as deposits keep flowing out of banks, their balance sheet will shrink, which will, in turn, constrain their lending. With the current outflows, the U.S. is surely already experiencing a credit contraction. However, there's more. Again, from our May 2023 *Deprcon Outlook*:

Demand for C&I [commercial and industrial] loans is clearly in a state of collapse, something which previously has not been seen outside a recession or immediately after it (like in late 1991). The decline started during the last quarter [of 2022], with a drastic 21% drop of loan demand by small firms. Currently [i.e., May 2023] the reported declines are over 50%

in loan demand from both small and large firms. This corresponds to the declines seen in the first quarter of 2009, that is, right after the deepest phase of the Great Financial Crisis.

This quite straightforwardly implies that the United States is already rather deep into a credit contraction, which is also the harbinger of recession. This is because a credit contraction leads to diminished economic activity due to lower levels of investments and consumption, which creates a recession, which leads to a rapid growth of loan delinquencies and defaults. This will lead to rapidly growing loan losses, causing banks to tighten lending even further. This will hurt consumption and investments, and the cycle repeats, which causes an actual credit crunch.

This time around, however, loans losses are likely to hasten the deposit outflow from banks, possibly turning into

a nationwide rout. This would lead to another and more severe wave of bank runs, which would push the U.S. into an outright *credit depression*, where the flow of credit would seize altogether.

### *Scenarios, Implications*

There are three basic scenarios for the ongoing banking crisis, each with its own outcome. These range from a mild recession to a repetition of the Great Depression. Crisis forecasting relies on both narratives and models, and here I present just the narratives (the models, and the methodology informing them, are proprietary).

I consider that obtaining the "best case" scenario (mild recession) requires some draconian actions from U.S. authorities. Essentially for this scenario to manifest itself, the authorities would need to stop the bank runs in their tracks as soon as the recession (most

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*Like it or not, both the United States and China must accept the risks and vulnerabilities of remaining connected to each other. Washington and Beijing will compete robustly within the single system of which they are both vital parts. And the dynamics of competition within this system are fundamentally different from the competition between systems that existed during the Cold War.*

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likely) re-ignites them. It is very likely that this would require the (unprecedented) imposition of a nationwide full-deposit coverage and/or a mandatory set of deposit withdrawal restrictions. Central bank digital currencies can play a role in this (more on this below). In addition, the U.S. government would need to issue a heavy fiscal stimulus package in the range of trillions of dollars and the Federal Reserve would need to enact another Quantitative Easing (QE) program to support the financial markets. If done right and quickly, these measures should ensure that the U.S. would experience only a mild recession. However, the U.S. banking system would effectively become nationalized in the process, with likely serious long-term consequences.

In the second scenario, the U.S. would face a nationwide bank run. Several hundreds of banks would fail, but the authorities would intervene in such a way as to clear the banking sector with takeovers, forced mergers, and re-capitalization. The Federal Reserve would start to aggressively cut interest rates, which would help the economy. The Fed would also restart QE and possibly create new lending programs to help the banks. These could possibly also include a coordinated program

with Fannie Mae and Freddie Mac to securitize mortgage loans of banks and to either sell them or use them as collateral in the BTFP. The U.S. would, most likely, experience a somewhat deep recession, but avoid a depression. However, unemployment would rise notably, and the availability of credit would become heavily restricted.

In the third scenario, the U.S. authorities would be unsuccessful in stemming the banking panic. Loans losses, illiquidity, and massive deposit outflows would lead to a failure of thousands of banks, which would cause a credit depression. Mass bankruptcies, skyrocketing unemployment, and social unrest would follow. The U.S. could even default on its sovereign debt. Global financial markets would crash, the flow of global credit would cease, the Eurozone would fracture, pushing the world to a never-before-seen currency crisis. Global freight would grind to a halt, because banks could not underwrite and provide funding for freight agreements. Governments would need to step in, but many governments would default to their high debt loads. Global trade would collapse, taking the world economy with it. Another Great Depression (maybe even the ‘Greatest Depression’) would invariably emerge.

Currently, I consider the middle, or second, scenario to be the most likely one. This is because it would follow the “bail-in” principle, whereby banks will not be saved in their totality, but just some part of the depositors (the reasoning here is political and has to do with domestic U.S. politics). For similar reasons, the third scenario—i.e., another Great Depression—is, in my view, the second-most likely scenario, because bank runs may easily escalate in the current environment. Thus, we may end up seeing all three scenarios coming to pass. This could mean, for instance, that first there will be some bank failures, which U.S. officials will allow, and then this would lead to nationwide bank runs, which would crush the economy, and eventually lead to the imposition of some form of financial lockdown, including deposit withdrawal limits and extended bank holidays.

It should be noted that, if the crisis in the U.S. follows one of the two latter, more sinister forms, then the European banking sector would likely have its day

of reckoning, too. If this were to come to pass, the European Union would be faced with only two options concerning its common currency, the euro: either it fractures, or the EU moves into full federalization mode. The first one would include several countries exiting the common currency or its full dismantling. The second one implies the imposed establishment of what would effectively be a Eurozone Finance Ministry and corresponding “federal” EU taxation powers, including a massive new bond issuance (in the range of 2-4 trillion euros). Naturally, this topic would require its own article, but below I open the issue a bit more. At present, it is also nearly impossible to assess which of these is more likely occur, but some informed forecasting suggests that European leaders will at least first push for full federalization, because there is simply too much political capital tied to the perpetuation of the euro. It’s good also to note that the Eurozone is already in a technical recession, as it has seen two consecutive negative GDP growth prints.

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*I have to be very clear and direct: if the euro breaks up, it will represent the biggest currency crisis the world has ever seen. It would also lead to a deluge of sovereign defaults, which would massively worsen the banking crisis.*

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## *Crisis Mitigation Beyond the West*

I have to be very clear and direct: if the euro breaks up, it will represent the biggest currency crisis the world has ever seen. It would also lead to a deluge of sovereign defaults, which would massively worsen the banking crisis. There would be a complete redenomination of all existing financial contracts—including debt, stocks, and derivatives—in new/old national currencies, which could take years. Even were the euro to fracture partially, with some countries exiting the Eurozone whilst others would opt to stay, it would still send shockwaves across the banking sector in the EU and thus the world, as Europe is home to the highest concentration of what are called global systemically important banks (G-SIBs).

If the euro fractures, there would also likely be a “mad scramble” towards any major currencies considered even remotely safe, including the U.S. dollar (this may occur regardless of whether there is a serious banking crisis in the U.S.) and the Chinese Renminbi (notwithstanding that its very high debt burden also makes it vulnerable to any detrimental economic shocks). It is also likely that the

IMF would quickly set up a new global currency consisting of basket of currencies, plans for which have already been drawn through, for instance the authorization of Special Drawing Rights (SDRs)—an international asset whose value is defined as a basket of currencies. If the euro fractures and the U.S. faces an existential banking crisis, the newly formed BRICS currency may also see increased demand. It is also very likely that the deepening banking crisis in the U.S. described above would hasten the de-dollarization trend, even though demand for the U.S. dollar may even rise in the immediate aftermath, due to its safe haven stature.

However, it should be remembered that a deep banking crisis, like in 2008, tends to go hand-in-hand with a frantic run away from all assets and currencies considered even remotely risky. In the worst-case scenario described above (i.e., the onset of a second Great Depression) all countries that have seen speculative capital inflows (to any industry) should be prepared to rapidly close their capital account—i.e., to impose capital controls and to peg their currencies to either a basket of commodities or to gold. Later they could consider whether to peg their respective currencies in some of new currency baskets, or let them simply float.

I am a big proponent of the latter, because Finland, for example, has seen its most prosperous years when the country let the value of its currency be determined by the markets.

Countries concentrated in energy and mineral production, like Azerbaijan, are more shielded than others, but if such countries have seen “hot money” inflows, they need to be prepared for their sudden reversal, i.e., a *sudden stop*. If this commences, capital controls would also need to be enacted quickly.

## *Meddlesome Central Bankers*

During the past four years, authorities have shown a deepening commitment to stop each crisis through a wide variety of means. This may give us hints about the path they will choose to pursue in the coming escalation of the ongoing banking crisis.

From all the means used to sustain the economy and financial

markets, central banks’ QE programs, first launched by the Federal Reserve to prop up financial markets in 2008 and 2009, have become pervasive. The European Central Bank (ECB) launched its first full QE program, called the Asset Purchase Program (APP) in March 2015 (the announcement was made in October 2014). Before that, the ECB had conducted some large-scale buying experiments that consisted in buying Eurozone government bonds through the Securities Markets Programme (SMP). In it, the ECB bought sovereign bonds of those members of the Eurozone whose bond markets had started to “malfunction.” In actuality, the ECB’s policy was an effort to stop the fragmentation of the Eurozone’s sovereign debt markets, which could have forced countries to exit the euro. The program was not enough to achieve the intended

result, and so in August 2012 the ECB launched its Outright Monetary Transactions program (OMT). Its publication came after the ECB president Mario Draghi promised publicly that the ECB would do “whatever it takes” to sustain the euro.

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His announcement effectively ended the European “debt” crisis, and thus the Great Financial Crisis. Everything would have been fine had the ECB restricted its meddling to the bond markets in this context; alas, it did not.

The ECB’s QE program pushed the yields of Eurozone sovereign bonds unnaturally low which, while sustaining the integrity of the currency union, removed all fiscal constraints from Eurozone governments. This naturally led peripheral Eurozone governments to become even more indebted. While the ECB was fully engaged in saving the Eurozone, the Federal Reserve became a savior of financial markets.

In late 2018, led by the Fed, central bankers made their first effort to diminish the global central bank balance sheet—that is, they enacted the world’s first-ever quantitative tightening program (QT). However, almost immediately, in October 2018, asset markets started to drift downwards, which accelerated into a rout in December 2018. Thus, on 4 January 2019, due to the threat of an outright collapse of U.S. credit markets, Fed Chairman Jerome Powell pivoted away from the previous commitment of the Federal Open Market Committee (FOMC) to several interest rate rises and automated balance sheet run-off. In a

series of speeches given by Fed officials between January and March 2019, the Federal Reserve made a complete U-turn from its earlier policy of several interest rate rises in 2019 to possible cuts and ending the balance sheet normalization program prematurely. Yet, QT continued for a while longer.

On 17 September 2019, interest rates spiked in the U.S. repurchase (repo) markets, when major banks suddenly refused to lend to counterparties. Repo markets are a crucial piece of America’s financial plumbing, as they fulfill the daily liquidity needs of vast number of financial institutions. If they would to “clog up,” the repercussions would be felt immediately. To “unclog” the markets, the Fed started its repo operations on the following day (18 September 2019), and on 16 October 2019, it started to buy U.S. Treasury bills at the rate of \$60 billion per month to ease the strains in the financial markets. The first effort of global QT thus ended in a near-catastrophe.

In March 2020, COVID-19 crashed the markets. On 16 March 2020, the volatility index of U.S. stock markets reached 82.69 (the highest on record), and the Dow Jones Industrial Average plunged by 2,997 points, or 12.9%—the worst one-day point drop on record. The

Fed responded with several support programs. At the end of May 2020, the Fed backstopped “repo” and U.S. Treasury markets, intervened in corporate commercial-paper and municipal bond markets and short-term money-markets, and bought corporate bond ETFs, including some speculative-grade (“junk”) corporate debt. It also launched a “Main Street Lending” program that provided loans to middle-market businesses. Effectively, come June 2020, the Fed had become the financial market of the United States, while its balance sheet had ballooned from around \$4.1 trillion to over \$7 trillion in just three months!

The second attempt to diminish the global central bank balance sheet commenced in April 2022, which led to the near-collapse of what are called liability-driven investment funds (LDIs), closely tied to British pension funds, in September 2022. LDIs, and thus British pension funds, were at risk of a collapse because the prices of gilts had crashed due to the aggressive rate hikes and gilt sales by the Bank of England

(BoE). This forced the BoE to step back into the gilt markets. Since October 2022, the global central bank balance sheet has decreased only marginally.

The question now becomes what the central banks may be willing to do when faced with a deep enough banking crisis. The answer may lie in so-called central bank digital currencies (CBDCs).

### *CBDC Domination?*

Central bank money is at the core of modern financial systems. It is comprised of physical cash in circulation and central bank reserves—i.e., the deposits of financial institutions in the central bank. A CBDC would create another layer of central bank money. In its strictest form, a CBDC is a digital payment instrument that is

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denominated in the national unit of account, or currency, which is also a direct liability of the central bank. Essentially, a CBDC can take two forms. It can be a central bank issued digital currency (retail CBDC) or a central

bank-backed digital currency now called a ‘synthetic’ CBDC (sCBDC).

A CBDC is ‘synthetic’ when it is backed by deposits (reserves) at the central bank. Another name for this is *wholesale* CBDC. The basic mechanism of a sCBDC is when private sector payment service providers issue liabilities matched by funds (reserves) held at the central bank. The private issuers of digital currencies would act as intermediaries between the central bank and end users like consumers and firms. Regardless of whether the liabilities of the providers would be fully matched by funds held at the central bank, the end users would *not* hold a claim on the central bank.

A CBDC is considered to be *retail*, when it is a widely acceptable digital form of fiat money that can act as a legal tender, or not; it can either be account- or token-based. The former would be considered intangible property and it would involve the transfer of a claim between accounts and would resemble a bank account transfer, with the distinction that all accounts would remain within the central bank. In the latter there would be a transfer of a token between wallets. Settling transactions using a token-CBDC (a tangible property) would require external verification of the tokens, which would imply that anonymity,

like with transfers in cash, could not be guaranteed. In each case, the holder of a CBDC would have a claim over the central bank. Another way of putting this is that we all could have an account at the central bank.

The instauration of both systems—i.e., wholesale and a retail CBDC—would alter the banking system in a radical way. First, fractional reserve banks, where banks hold only fraction of their liabilities and assets are covered by capital or CB reserves, would come under pressure. Banks would be likely to lose some customers, pushing them to seek more wholesale funding, such as funding from commercial credit markets like state and local municipalities and brokered deposits. Banks could be forced to raise interest rates on deposits, which would reduce their profits.

A retail CBDC would be very detrimental for the banking system. This is because it is the role of a central bank to monitor and regulate banks and to act as a lender of last resort in banking panics and runs. With the issuance of a CBDC, a central bank would become a competitor of commercial banks. It is hard not to avoid the conclusion that this would corrupt the whole financial system. Commercial banks

would be forced to compete with the more secure CBDC with higher interest rates, and even if the CBDC would be non-interest bearing, it would still offer safety (especially in a zero or negative interest rate environment). Banks would thus compete against the CBDC by issuing higher deposit rates, while they would be at the mercy of central bankers concerning regulation and guidelines. Serious questions can be raised whether central bankers could act in an even-handed way in this setup.

However, the biggest problems would arise in a banking crisis. Let’s assume that a country would enact sCBDCs as a countermeasure. Because their holders would be fully covered by central bank reserves (unlike fractional reserve banks), the existence of sCBDCs could easily worsen a potential run on banks, thus making a banking crisis worse. Essentially, there would be only one way to fix this, that is, to move to the retail CBDC.

If the central bank has the backing of a fiscal authority, as generally is the case, it can provide banking services—deposits—backed by the taxing power of a government. In this situation, with the retail CBDC, the central bank would offer superior deposit safety in a banking crisis. Thus, if consumers

believed that a commercial bank run is imminent, depositors would inevitably move their deposits to the safety of a central bank. While the central bank would probably lend them back to commercial banks (because otherwise the whole banking system would simply collapse), it would effectively gain control over lending of the commercial banks. In that case, commercial banks would turn into mere retail branches of the central bank.

A flight from commercial banks to the safety of the CBDC could also be countered only with strict deposit limits to the central bank. It is highly questionable whether such limits could be maintained in a banking crisis as that same crisis would, almost certainly, foster political pressure to open the balance sheet of the central bank with a CBDC to all.

Alas, in the worst-case scenario outlined above, the introduction of CBDCs would lead to a situation in which the banking system would effectually consist of just one bank: the central bank. The extremely serious implications of such a system need not to be emphasized further. Even in their ‘mildest’ form, the introduction of CBDCs would pose an existential threat to commercial banks and thus on financial freedom.

### Conclusions

Rudiger Dornbusch (1942-2002) was a renowned international macroeconomist, a demanding teacher at MIT, an intimidating public speaker (I hear), and one of the world's leading experts on crisis management. One of his most famous quotes, in addition to this essay's epigraph, considers the handling of the 1998 Brazilian economic crisis in Brazil: "When they [the Brazilians] call 1-800-BAILOUT, just let it ring. Say our operators are busy."

Dornbusch was an unyielding opponent of governments meddling with the economy, but he did support the establishment of supranational entities to handle crises. I have become rather skeptical towards global governance organizations of late, and have recommended that countries stay out of IMF programs, and so on. However, this would require that a country's economy be made "crisis proof" before the crisis hits. Essentially, this implies low indebtedness of households, corporations, and the government, limited foreign financial exposure,

sufficient gold reserves in the central bank, and prudent oversight of the banking sector. Many countries have not done this, which means that they are likely to be forced to ask for IMF support in the near future.

The coming, or, more precisely, the ongoing crisis that will most likely re-appear shortly in a more destructive form is likely to reshape the global economic structures in a dramatic way. The biggest losers are likely to be some of the world's largest economies: the U.S., the EU, and possibly also China. Their economic "engines" have been pushed to their respective limits, and some form of breaking up is inevitable. However, what they may lose will become available for other countries to gain.

When a financial system crumbles, people and countries resort to necessities. Survival, quite naturally, becomes the main issue. In such a situation, resource rich nations like Azerbaijan have a natural upper hand. Playing it correctly requires that such countries take measures to prevent their economies from being

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pulled under by those that are in the process of failing. Thus, when the crisis re-emerges, it will be imperative for such countries to cut without hesitation the toxic aspects of financial ties with the U.S., the EU, and possibly even China.

This will require the formulation of prudent national strategies to manage, *first*, the possible outflow of "hot money" (mostly through capital controls), *second*, currency and foreign exchange issues (especially if the EU is sucked into an epic currency crisis), and *third*, the country's positioning in the context of the re-forming of global economic structures. Grouping with like-minded countries would be likely to establish important synergies, particularly if the Western bloc took what would likely represent a


Dystopian turn through the issuance of CBDCs.

Major crises have always represented opportunities for the brave-hearted, the prudent, and the prepared. If the ongoing banking crisis takes the sort of sinister turn outlined in this essay, then it will come to be seen as biggest reshuffling of the global economic and political order since the 'Great War' and the 1930s. This would, in turn, form the basis for the execution of a truly strategic opportunity for those states that provide global economic necessities like energy, minerals, and food to fill in the void, become economic safe havens, and secure sustainable prosperity for their respective populations. The time to start planning for such a contingency is now. **BD**

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# What Teaching Was Thucydides Trying to Convey?

## And Why It Remains So Important for Us Today

*David Polansky*

As we approach the close of the first quarter of the twenty-first century, it is striking how gloomy our world must seem compared to how it might have looked at its outset. True, the immediate post-Cold War period saw its share of civil wars and ethnic violence, but heading into a new century, at least in some circles in the West and perhaps elsewhere could still imagine that these were merely the aftershocks of the turbulent one still ending.

Today, however, with two decades of costly occupations behind us, the onset of the first major cross-border land war in Europe since World War II, and escalating geostrategic competition with a still-rising China in the Pacific, matters look quite a

bit different. It is only natural that we might begin to cast about for sources that could illuminate our situation. And, perhaps ironically, few books on war and politics shed such light on present circumstances as one of the earliest we still have: Thucydides' magisterial history of the Peloponnesian War.

Over 2,500 years ago, Thucydides prefaced his great work with the hope that it would become a "possession for all time" (Thuc. I.24.4)—a phrase that has proven to be one of the more prophetic introductory passages of any work, ever. Two-and-a-half millennia on, we are still reading and discussing his account. This is, of course, the case for the article you're reading right now, but

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it's also routinely referenced in discussions of foreign policy, survey courses on international relations, the scholarly literature on causes of war, the "Thucydides trap" hypothesis, and so on.

And yet, the foregoing characteristically terse comment by Thucydides is perhaps the only place where the man himself signals his intentions to the reader. Unlike other seminal writers in the history of political thought and historiography like Tacitus, Machiavelli, or Nietzsche (none of whom is by any means straightforward in his own right), we are given precious little else to go on as far as what Thucydides personally wishes to communicate to us across the centuries. And so, while we continue to read and discuss this "possession for all time," we necessarily find ourselves debating the question: what was Thucydides trying to tell us?

There is, of course, no simple answer to this question, and our understanding is probably complicated by the way that Thucydides has largely entered public consciousness by way of oversimplified

and mistranslated pull quotes (e.g., "the strong do what they will, and the weak suffer what they must"), not to say the many banal sayings misattributed to him (e.g., "A nation that makes a great distinction between its scholars and its warriors will have its laws made by cowards and its wars fought by fools.>").

But what is the work about? As Thucydides tells us at the outset, his text details the history of the great war between the Athenians and the Spartans, which we know as the Peloponnesian War, that lasted from 431-404 BC. Though this description requires immediate qualification: his history (particularly in the opening sections, which scholarly convention refers to as "the archae-

ology") extends back well before the start of the war to provide us with a broader understanding of the immediate political dynamics leading up to the outbreak of war, as well as the material and structural elements of geopolitical conflict in the deeper history of the Hellenic world.

Meanwhile, at the other end of things, his work (as with Homer's

*Few books on war and politics shed such light on present circumstances as one of the earliest we still have: Thucydides' magisterial history of the Peloponnesian War.*

*Iliad* and the Trojan War) does not cover the entirety of the war. Thucydides' account ends midway through 411, and the eighth and final part of his work is generally agreed to have been unfinished, though scholarly disagreement remains as to just how incomplete was the version that has come down to us. (For an account of the war's final years, one must consult Xenophon's *Hellenika*, which consciously picks up the narrative where Thucydides leaves off.)

The war itself (as Thucydides outlines) arose among the primary victors of the Persian Wars (449-449 BC), a series of invasions of Greece by the Persian Empire recounted by Thucydides' predecessor, Herodotus. The individual Greek city-states successfully banded together to repel the invaders under the leadership of its greatest maritime and greatest military powers (respectively, Athens and Sparta). In the aftermath of the Persian Wars, there was some disagreement over what to do with the alliance that had been painstakingly built over time. Most of the other Greek city-states were happy to disband and return to their condition of independent self-rule. The Athenians, however, under the leadership of the brilliant Themistocles—who had also led them to victory in

the Persian Wars—argued for the necessity of maintaining a military alliance, first to retake further Hellenic cities from Persian control and second to defend indefinitely against future imperial incursions. To that end, they established a confederacy, known as the Delian League, which pooled resources for the defense of the Greek city-states under Athens' leadership. Over the course of the subsequent half-century, Athens' relative power grew in proportion to its allies' willingness to commit money rather than ships toward the common defense; thus, many of those same allies transitioned to become tributaries over time.

By 432 BC, the Spartans felt compelled to break the existing peace between the Greek city-states and oppose the continued rise of Athens, though they sought to find a pretext for doing so. As Thucydides famously remarks, “The real cause [of the war] I consider to be the one which was formally most kept out of sight. The growth of the power of Athens, and the fear which this inspired in Sparta, made war inevitable” (Thuc. I.23.4).

Yet the immediate catalyst for the war was not in fact a direct quarrel between Athens and Sparta, but a tertiary conflict between the associated city-states of Corinth and

Corcyra (not unlike the way that the spark for World War I ignited in Hapsburg-annexed Bosnia rather than the Franco-German border). The Corinthians appeal to Sparta to marshal not just against their immediate enemy, Corcyra, but against its great ally, Athens; and, after some debate, the Spartans agree. This initiates the first period of the war, sometimes called the “Archidamian War” after the reigning king of Sparta (who, ironically enough, argued against the Spartan declaration of war).

From there, the war waxes and wanes for some years, with no clear champion, reaching a negotiated settlement in 421 BC, during what is called by scholars the Peace of Nicias. That peace is ultimately broken when Athens, swayed by the charismatic Alcibiades (who appears in a number of Socratic dialogues written by Plato and Xenophon), decides to launch an invasion of Sicily to conquer the Greek city-states there (415-413 BC). That invasion proves to be a cataclysmic disaster in its own right and also brings the Spartans back into the fray, along with shrewd factions of the Persian Empire who see an opportunity to weaken the Hellenic world.

In spite of a good deal of internal political turbulence, including a

minor revolution, Athens mounts a recovery, stabilizing its government and effectively suppressing its rebellious allies and tributaries. At the point of the Thucydidean narrative's untimely end in 411 BC, the outcome of the war remains very much uncertain. Ultimately, however, we know (and Thucydides knew), that Athens would prove unable to successfully manage its domestic political strife, and even its vaunted navy finally comes to defeat at the Battle of Aegospotami, leading it to finally surrender in 404 BC. This signals the permanent decline of Athens—up to that point the cultural and intellectual pinnacle of Greece—and perhaps ultimately of the Hellenic world itself.

### *Thucydides' Method*

But to return to the question of Thucydides' own intention, we cannot think through the meaning of Thucydides' history without saying something about his method. The first words of the work are “Thucydides, an Athenian, wrote the history of the war” (Thuc. I.1.1). Without belaboring it, he reminds us that this account is not an Olympian one, but one authored by a single man and a citizen of one of the major combatant city-states to boot. Thus, from the beginning, we are given to know that



this is perhaps inevitably a *partial* perspective on the war (once again, there is very little that the post-modernists have discovered that was not already present in world literature...).

Thucydides' work is of course a military history and is replete with astonishing battle scenes, like Matinaea, Delium, Amphipolis, and Sphacteria. But it is also a political history, and as befits a culture for which rhetoric was the supreme political art, the battles are (if anything) outdone by the great rhetorical set pieces: the congress of the Peloponnesian confederacy, where the declaration of war is debated; the Mytilenean Debate, in which the fate of a city is decided; and perhaps above all the Melian Dialogue, in which justice and power are framed in the starkest of terms.

Indeed, it would not be incorrect to say that the speeches that appear throughout are as much a part of the action of the narrative as the fighting itself. And yet one of the supreme oddities of the work is Thucydides' decision to "make the speakers say what was in my opinion demanded of them by the various occasions, of course adhering as closely as possible to the general sense of what they really said" (Thuc. I.22.1).

We can say, then, that Thucydides is providing us with amplified or sharpened versions of a range of perspectives without, however, articulating his own perspective (at least directly). Yet one of the most common misreadings of Thucydides—as with superficial readings of Plato or Shakespeare—is to attribute to him a viewpoint that issues from the mouth of one of the personages featured in his work.

About himself, he tells us relatively little. We know he contracted and survived the great plague that befell Athens in 430 BC, and which forms a crucial part of the second part of the work. Most importantly, we know he was a general who fought unsuccessfully against perhaps Sparta's greatest commander, Brasidas. And this failure led to his exile at the hands of punitive Athenians—which was in turn perhaps the condition for his being able to write the great work of which this essay is the subject in the manner in which he did. Some scholars have perceived elements of bitterness in his narrative arising from this misfortune, but I for one don't see it. His sole commentary on the matter is this: "It was also my fate to be an exile from my country for twenty years after my command at Amphipolis" (Thuc. V.26.1).

His method may be loosely characterized as "literary"—a somewhat misleading term that will have to stand for now. Why literary? First, despite his reputation as a cold-eyed realist, his narrative runs dramatic circles around the basic synopsis of the war provided above.

It is not simply that Thucydides gives to Pericles such an extraordinary panegyric to his city and its democratic regime; it is that he then immediately follows it with a harrowing account of the plague that befalls Athens, as though to undercut all that came before. Similarly, the infamous destruction of Melos by Athens is immediately succeeded by the first discussion of the invasion of Sicily, which will prove similarly ruinous to Athens (the great classicist Thomas Arnold has called the seventh part of the work, which details this invasion and its consequences, the greatest prose narrative of the ancient world).

Similarly, as Nietzsche noted in various writings, his use of speeches is heavily dialectical—whether following a given speech with an opposing speech, or following it

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*The Thucydidean account provides the alert reader with an education in how to think about the war in a non-didactic way.*

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with some action or development in the war that complicates our understanding of what we have just read. In such ways does the Thucydidean

account not merely provide us with the facts and details of the war but also provides the alert reader with an education in how to think about the war in a non-didactic way.

### *The Regime Question*

The speeches naturally reveal something characteristic about the speaker and about a particular point of view. But they also seem to reveal something characteristic about the regime of which the given speaker is a citizen (in the original Greek, the word translated as 'regime' is *politeia*, a term that denotes the comprehensive set of formal and informal political, social, and economic arrangements that characterize a given city-state, including but not limited to its form of government). We rarely forget the fact that this is a conflict between democratic Athens and oligarchic Sparta. But what does that mean, exactly?

The point is not that a regime necessarily produces a specific

policy or strategic vision. After all, during the inaugural debate over the war, we see Spartans arguing both for and against going to war. Or during the Mytilenean Debate, we see Athenians arguing both for and against the destruction of Mytilene. But the regime does produce in its citizens a certain way of arguing—a mode of considering political alternatives.

The oligarchic Spartans are both stolid and honor-loving. Thus, they are only roused to war by the furious Corinthians, and their prudent king Archidamus very soberly cautions against embarking on such a dangerous and uncertain enterprise as open warfare against Athens and its growing empire. Yet the intemperate Sthenelaidas ultimately carries the day during the debate over going to war, having been pricked by accusations of cowardice.

Meanwhile, the democratic Athenians are peripatetic, impulsive, and dynamic. In a clever (literary!) move, the most comprehensive single description we have of them is provided by the hostile Corinthians:

The Athenians are addicted to innovation, and their designs are characterized by swiftness alike in conception and execution; you have a genius for keeping what you have got, accompanied by a total want of

invention, and when forced to act you never go far enough. Again, they are adventurous beyond their power, and daring beyond their judgment [...]. They are swift to follow up a success, and slow to recoil from a reverse. Their bodies they spend ungrudgingly in their country's cause; their intellect they jealously husband to be employed in her service [...]. To describe their character in a word, one might truly say that they were born into the world to take no rest themselves and to give none to others. (Thuc. I.70.2-3,5-6,9).

Against mainstream contemporary Western associations of democracy with peace and non-domination, Athenian democracy seems to go hand in hand with empire—a point that the great Athenian statesman Pericles unambiguously celebrates in his famous Funeral Oration. And after Pericles' death, he is succeeded by demagogic figures like Cleon, whose influence on the people proves less than salutary.

Yet it would be a mistake to assume, as some scholars do, that Thucydides' account is necessarily anti-democratic. For the same city (i.e., Athens) is capable of magnanimity over wayward tributaries (as they ultimately are after the Mytilenean revolt). And in the wake of the disastrous Sicilian

Expedition, Athens manages to stave off civil conflict at home and marshal the resources to continue prosecuting the war for almost another decade. Meanwhile, it is another democracy—Syracuse—that hands Athens its most stunning single defeat.

Finally, as Thucydides himself carefully reminds us (and Pericles bluntly reminds us), the relative moderation of the Spartans in their dealings with the other Greek city-states is premised upon a shocking and brutal form of control closer to home, as their enslavement of their sizable neighboring population prevents them from spending too much time abroad. Thus, the question of regime type proves to be of great significance when it comes to the conduct of Hellenic city-states during the war, but not in any straightforward or programmatic way.

### *Inside/Outside*

Another recurring theme of the Thucydidean work is the inseparability of war and politics—the way that the political dynamics *within* city-states supervene on the warring *between* them, and vice versa. We first see this in Thucydides' starkly memorable description of the terrible

plague that strikes Athens in the early years of the war. First, because the particular virulence (and possibly the transmission of the plague itself) was due to the swelling population density that resulted from peripheral estate-holders fleeing to the safety of the city as the Spartan invaders attacked their lands. But second, because of the way that the egoistic logic of the Athenian worldview fares poorly under the extreme pressures of random death and social breakdown.

This is most explicitly the case with Thucydides' description of the civil warfare that erupts in the city of Corcyra and spreads throughout the Hellenic world. As both Athens and Sparta seek to gain leverage over the city by propping up their preferred democratic or oligarchic faction, respectively, the stresses begin to tear the city apart, and factional conflict gives way to general violence.

And it is clear, meanwhile, that Thucydides intends his depiction of the revolution in Corcyra to serve as a stand-in for what became an increasingly general phenomenon during the course of the Peloponnesian War:

So bloody was the march of the revolution, and the impression which it made

was the greater as it was one of the first to occur. Later on, one may say, the whole Hellenic world was convulsed; struggles being every, where made by the popular chiefs to bring in the Athenians, and by the oligarchs to introduce the Lacedaemonians. In peace there would have been neither the pretext nor the wish to make such an invitation; but in war, with an alliance always at the command of either faction for the hurt of their adversaries and their own corresponding advantage, opportunities for bringing in the foreigner were never wanting to the revolutionary parties. (Thuc. III.82.1)

Civil war, then, is not some sort of separate business from inter-state or international war; indeed, it is frequently both the cause and the effect of such wars. Napoleon's invasion of Spain gave us the Peninsular War, with all that entailed. World War II saw horrific bloodletting away from the main battlefield theaters as irregular combatants fought one another for control across the Balkans (Yugoslavia and Greece), in China, and elsewhere. The Cold War period saw much the same, as the United States and the Soviets armed their preferred proxies and set them loose across the Middle East, Southeast Asia, Central America, and so on.

Similarly, the so-called Sicilian Expedition, in which the Athenians mount a ruinous attack on the distant city of Syracuse, has come to serve as a kind of ur-example of imperial overstretch, and is frequently recalled in light of more contemporary examples—such as the United States in Vietnam, or the Soviets in Afghanistan.

But here one must note Thucydides' own judgment, in his obituary to Pericles, that the disaster was due less to the nature of the operation itself than to civil strife at home overtaking the normal course of political deliberation—what we might call the introduction of logics of foreign warfare into the city itself.

[The Sicilian Expedition] failed not so much through a miscalculation of the power of those against whom it was sent, as through a fault in the senders in not taking the best measures afterwards to assist those who had gone out, but choosing rather to occupy themselves with private squabbles for the leadership of The People, by which they not only paralyzed operations in the field, but also first introduced civil discord at home. (Thuc. II.65.11)

Finally, it is not incidental that such events as the destruction of Melos and the catastrophic Sicilian expedition, among others, occur nearly two decades into the larger

war. There is a sense in which the experience of the war hardens the Athenians into the very thing that they are accused of being at the outset.

### *Thucydides the Realist?*

Thucydides is routinely referred to (and occasionally derided) as a “realist.” But what does this mean? He certainly never refers to himself this way (and, as the above discussion of his style should make clear, one can hardly imagine him doing so). Indeed, such a term is wildly anachronistic to his time and place. What other writers who refer to him thusly tend to have in mind is typically the ethos expressed by key figures in the work—for example, the nameless (and unofficial) Athenian envoys to Sparta in the period immediately preceding the onset of the war who defend their empire with reference to what they claim are the core motivations of fear, honor, and interest.

And, perhaps more broadly, such writers may be thinking of Thucydides' own dispassionate portrayal of harsh truths about the human condition and political life,

as found in his accounts of such events as the plague in Athens or the terrible civil war in Corcyra. Once read, it is difficult to forget judgments like: “In the confusion into which life was now thrown in the cities, human nature, always rebelling against the law and now its master, gladly showed itself ungoverned in passion, above respect for justice, and enemy of all superiority” (III.84.2). No less a writer than Nietzsche praises this quality in Thucydides in *Twilight of the Idols* as “the last manifestation of that strong, stern, hard matter-of-factness instinctive to the older Hellenes.”

Yet it must be said that Thucydides is not callous in his depictions. Indeed, he is keenly alive to the reality of human suffering, which is an inevitable consequence of a great and terrible war. He accords surprising space to the plight of strategically insignificant but heroic Plataea. And he draws our attention to the awful fate of the beaten Athenians in the aftermath of their failed attack outside of Syracuse, just as he draws it to the massacre of helpless school-children at the hands of Thracian mercenaries in the pay of Athens.

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*Thucydides is routinely referred to (and occasionally derided) as a “realist.” But what does this mean?*

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Such is the Homeric sweep of the Thucydidean narrative: we have the sense of a God's-eye (or Zeus' eye) view of the full panorama of the war, with all the triumph and suffering it entails.

Finally, Thucydides presents in a non-didactic way an extraordinarily compelling account of the interplay between justice and necessity, which has proven to be a perennial theme in political life up to the present day (just consider the arguments on all sides for Russia's ongoing invasion of Ukraine).

From his discussion of the causes of the war, through the many Athenian defenses of their empire, to the remarkable speech of Diodotus during the Mytilenean Debate, the reader

of the Thucydidean work is led to complex practical considerations of how we are to think about the role of justice in political life.

Throughout the work, various speakers appeal to the concept of necessity as something that absolves us of moral censure for our actions. One does not, after all, condemn the lion for killing and eating a wildebeest.

So, too, the Athenians claim at the outset of the war, the other Greek city-states ought not condemn them for seizing an empire when the opportunity afforded itself to them. In a curious sense, we might even say that it would be unjust to do so; that justice, in other words, requires that we not apply standards of justice too stringently where the harsh necessity is concerned.

All of this is to say that while it is conventional to frame these debates as "might versus right" or "power versus justice," these

are misleading schema. For the question of justice runs like a skein through nearly every speech or debate in the work. If we understand justice to mean "what is fitting" or "what is owed" in our world, then

the different protagonists can be seen advancing various accounts of justice, albeit with varying degrees of plausibility and coherence. One of the reasons the Thucydidean text remains compelling so many centuries on is that we can observe political actors grappling intensively with the problem of justice within the context of their immediate practical concerns.

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*It is one thing to posit that ours is a universe in which the strong imprint their will upon the world while justice is silent; quite another to actually live in that universe.*

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The trouble for the Athenians, meanwhile, is that it is not such an easy thing to apply this mode of thinking in any consistent way. After the Mytileneans revolt against Athens and are subsequently brought to heel, the Athenians vengefully decide to put them all to death. But as pointed out by Diodotus, who argues against such a motion, it was a perfectly natural thing for a subjugated city to rebel. In language that recalls that of the defense the Athenians make on behalf of their empire, he observes:

Hope leads men to venture, and no one ever yet put himself in peril without the inward conviction that he would succeed in his design. Again, was there ever city rebelling that did not believe that it possessed either in itself or in its alliances resources adequate to the enterprise? [...] [A]s long as poverty gives men the courage of necessity, or plenty fills them with the ambition which belongs to insolence and pride, and the other conditions of life remain each under the thralldom of some fatal and master passion, so long will the impulse never be wanting to drive men into danger. (Thuc. III.45.1-2,4)

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*It is one thing, to claim absolution for oneself; another to see one's own impulses toward freedom or empire against a universal backdrop.*

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The Athenians ultimately heed his counsel and rescind their decision to destroy the entire city of Mytilene. But it is a close-run thing, and as their initial impulse toward de-

struction indicates, it is simply difficult to internalize the logic of empire. It is one thing, in other words, to claim absolution for oneself; it is another thing to see one's own impulses toward freedom or empire against a universal backdrop.

And this problem is manifested not only in the Athenians' management of their empire, but in their pious apprehension that they ultimately may be subject to some higher law for their transgression. How else to explain the intention to execute the able commander Alcibiades for the supposed crime of disfiguring holy statues right upon the eve of their invasion of Sicily? Or their assigning command of that same invasion to Nicias, a man known not for his brilliance or audacity but for his decency and uprightness? Or there is the remarkable decision, which occurs too late to be recounted by Thucydides but is reliably recorded by Xenophon, to put to death their naval commanders for their failure to collect the bodies of the dead following their great victory at Arginusae.

It is one thing, in other words, to posit that ours is a universe in which the strong imprint their will upon the world while justice is silent; to say, as Pericles does, that “we have forced every sea and land to be the highway of our daring” for evil or for good. It is quite another thing to actually live in that universe.

### *Sempiternal Perplexity*

In the end, key parts of this work refuse to yield up their mysteries in any definitive way. How are we to understand Thucydides’ claim that Spartan fear of Athens’ aggrandizement was the true cause of the war, or his claim that of all men who died in the course of the war, the hapless Nicias least deserved his fate? Such passages veer close to what the Greeks called *aporia*: an insoluble puzzle that induces perplexity in the reader or listener.

But is this so different from the situation that political agents face anyway—even and especially today? War is, after all, the

*One of the reasons the Thucydidean text remains compelling so many centuries on is that we can observe political actors grappling intensively with the problem of justice within the context of their immediate practical concerns.*

supreme condition under which the highest-stakes decisions must be undertaken in the absence of certain knowledge. And even hindsight does not fully reveal the correct course of action. We still debate the relative merits of George McClellan’s

leadership of the Army of the Potomac, of Neville Chamberlain’s appeasement of Hitler, of Charles de Gaulle’s withdrawal from Algeria, of Cao Cao’s strategic errors at the Battle of Red Cliffs, and so on.

So too with the events of the Peloponnesian War. Examples abound: whether Pericles’ conservative strategy was the correct one, whether the Sicilian Expedition was an error of planning or execution, whether the twin destructions of Plataea and Melos were acts of necessity or cruelty.

In these and many other episodes, Thucydides guides us without explicitly revealing his lessons. In this way, he recreates the experience of war in his monumental text. That we return to it time and time again to re-experience it is just one part of the measure of his achievement. **BD**

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## *Profile in Leadership*

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# The “Night of Sapper Blades”

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## My Diplomatic Beginnings and Lessons from Strobe Talbott

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### *Tedo Japaridze*

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Many people of my generation who took up leading roles in the various “newly independent states” (NIS) after the dissolution of the Soviet Union—i.e., at the beginning of the (renewed) independence and sovereignty period—have their own stories about how seemingly accidental happenstance came to play a decisive role in a career change that led to their rise to public prominence. I have chosen to share a part of mine in part because it seems to relate more directly than most to the views expressed over a series of conversations that took place in the span of a decade or so between me and one of America’s at the time most influential policymakers, Strobe Talbott, regarding the Silk Road region (as the editors of *Baku Dialogues* aptly refer to our part of the world) during what came to be known as the “unipolar era.”

I present it to the reader as part of my continuing reflection on the advice Zbigniew Brzezinski gave at his very first meeting with Georgia’s inaugural foreign minister, Giorgi Khostaria, in 1991 in Washington, DC: try to think contextually and reflect with sobriety and realism on the world around you, so that you and your country may lock onto a destination with “firmness

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in the right” (quoting Lincoln’s Second Inaugural) whilst retaining the flexibility to adapt your course to occurrences beyond your control.

Years later, on the day I presented my ambassadorial credentials, I also met with Zbig, and reminded him of his earlier advice. In response, he remarked that “Georgians should make Georgia not only a democratic state but also a ‘grounded and capable’ one—he used, I distinctly recall, the Russian term “*samostoyatelnoye gosudarstvo*,” to emphasize how Georgia has to become a country not only able to make but also to *defend* its sovereign choices. With his usual unrelenting clarity, he reminded me then as well as on numerous later occasions that only Georgians will spill blood for Georgia, always cautioning against the pursuit of what he called the “politics of outside salvation.”

### *Moscow in 1989*

I am not one of those who now claims to have foreseen the truly momentous events that led to the fall of the Berlin Wall and the implosion of the Soviet Union. In fact, the year 1989 began for me as usual, in a very routine way, but with some personal glimmers of hope: I was taking stock of my fifteenth anniversary at Moscow’s U.S. and Canada Studies Institute (ISKAN)—one of the most prestigious and, I would say, elitist think tanks within the system of the USSR’s Academy of Sciences founded by Georgy Arbatov in 1967. I had joined the Institute in 1974 as a fresh-off-the-boat postgraduate student (the first Georgian ever employed by ISKAN, as a matter of fact) and now had attained the academic rank of “senior research fellow”—quite an achievement in those days, especially for a Georgian and someone without a “fully adequate” academic background. I had finally made it into the senior ranks of that venerable institution, after having engaged in grindingly pedantic research regarding the political, economic, ideological, and politico-military aspects of the United States (and beyond), navigating at the same time more or less safely through the steady torments, intrigues, and collusions characteristic of Soviet (and non-Soviet, come to think of it) academic hierarchy—or, better to say, academic bureaucratic hierarchy.

At the beginning of 1989, I had finally become, in the eyes of those who made such judgments, a full-on *amerikanist*—a more or less capable

student of the American political system, specifically of relations between the White House and Congress. Clearly, I would never have reached those academic heights had I not been guided, supported, and assisted by some, indeed, brilliant mentors whose unequivocal supervision, tutoring, and coaching enabled me to overcome properly some quite rigid sociopolitical clichés and ideological misconceptions about the United States (these individuals include legends like professors Vladimir Zolotukhin and Boris Nikiforov, and good friends like Viktor Linnik, Vladimir Pechatnov, Sergei Plekhanov, Andrei Kortunov, Nikolai Svanidze, Segei Chorbinski, Devis Bratslavski, and Giorgi Mamedov). I also finally started traveling abroad to conduct “field research,” including to America (a great perk for Soviet scholars), since for a quite long time (as I learned later) I had been on the KGB’s blacklist in this regard. I was considered, in the parlance of the day, a *nevyyezdnoy*—someone not trusted by the authorities to travel abroad.

I feel that I have to say a couple of words about ISKAN itself—a unique academic institution that was in some ways nevertheless a typical Soviet structure with all its “Soviet regalia and habits” but from the inside was a vibrant, dynamic, and forward-engaged place generating (or trying to generate) objective, unbiased studies on the American processes and developments—the “main strategic enemy,” as was said, of the USSR—and deliver these effectually “anti-Soviet ideas” and proposals to the Soviet leadership. This “anti-Sovietism” (of course I am overstressing here!) demanded quite a shrewdness, skills and, I would add, utmost courage from Arbatov to persuade the mastodons from the Politburo at least to read our papers and memos free of party clichés and slogans. How well he succeeded with this endeavor I do not know, of course. But Arbatov did succeed in establishing a genuinely unique Institute—a kind of an academic orangery in which he gathered the best and brightest Soviet *amerikanistika* academics, and practitioners, among them former diplomats and, as we say, “burnt individuals” from the intelligence community (those belonging to this last category, by the way, were very critical about different aspects of the Soviet system), and among them, by all means, unforgettable for me was the legendary General Mikhail Milstein, a former military intelligence officer and one of the brightest intellectuals on arms control and disarmament.

Still, it was ultimately a *Soviet* institution. Within the ranks of ISKAN, there were also active KGB officers, which was not uncommon in just about every organization in the USSR. They were either covert, working

in different kinds of “scientific” or analytical positions, or were embedded throughout the administrative hierarchy ensure that the Institute hewed closely to the Party line. Then there were relatives of senior members of the *nomenklatura*. They would take care of their own by making the right phone call to members of the Institute directorate. We “normal people” (without any connections) used to call them *pozvonochniki*—a play on words that incorporated the Russian words for making a phone call (*pozvonit*) and a having a backbone (*pozvonochnik*).

Another example of how ISKAN was in many ways a typical Soviet institution involves my struggle to travel abroad. I remember the time that I finally received permission to travel to America for the first time—this felt like winning the lottery—and how I still ended up not going. One of the Deputy Directors called me into his office a few days before the scheduled departure to inform me of this “unfortunate” turn of events. He said this last-minute decision was due to the “risk of provocations.” As he put it, “it would be your first visit to the United States, and it is a very difficult country, and you have no experience dealing with such provocations. If this had been your second trip, there would have been no problem.” I was shocked, but managed to reply, “how can I travel to the U.S. for a ‘second time’ when you do not allow me to travel there for the first time?” This Deputy Director got very angry and shouted, “Get out of here, I do not have time to talk to you!” And I retreated out of his office with my tail between my legs. That was the system—a surreal one designed to oppress, insult, and diminish a person at every turn.

I learned later that the reasoning, such as it was, was not simply due to my status as a *nevyyezdnoy*. Rather, this Deputy Director had wanted to use various trips to the United States as favors for the sons or daughters of one of his *nomenklatura* friends. Things like that were an essential part of my life, and of the lives of millions of others living in the Soviet Union. That world was neither rational nor predictable. And if you thought you had won the lottery, you had better think again. The world was here and now—a mentality that I am not sure we have left behind us for good.

In any event, such professional setbacks became more infrequent after the appointment of Eduard Shevardnadze as Soviet Foreign Minister, back in July 1985. All of a sudden, the indifference and even antipathies of ISKAN’s leadership—its *nachalstvo*—towards me



morphed melodramatically into visible sympathies: there were knowing grins and even enthusiastic handshakes and warm greetings from those who had hitherto simply ignored me as a matter of course. It mattered not that at that point I had never actually met Shevardnadze, although I did know some people from his inner circle (especially a few of those who came along with him from Georgia, as we had studied at the university together). Naturally, I visited them in their offices in the Foreign Ministry, and they occasionally used to drop by the Institute to chat or meet up for a beer or something more substantial. This was, of course, immediately reported and interpreted by the “conspirologists” at both the Institute and the Foreign Ministry, in full accordance with standard Soviet practice.

The scuttlebutt—to use an American military term—was that I was somehow “chummy” with Shevardnadze personally. That was how, at least it seems to me, I migrated from the KGB blacklist to if not “one of ours” status then at least to being a “reliable guy” who was “close to his Georgian patron,” as one of ISKAN’s deputy directors put it to me. Frankly, I never tried to dispel those apparent eccentricities...

Besides, my family life had become stabilized, secured, and joyful: we purchased our own apartment in Krilatskoe—a new housing district in Moscow that, (alas) soon after my departure from the city, became a fashionable residential area for Boris Yeltsin and his closest circle. My wife, Tamriko, had become Deputy Director of the newly-opened Georgian Cultural Center on Arbat Street and so had become very cheerfully busy at her new workplace. Along with her friendly and open Georgian, Russian, Abkhaz, and Ossetian colleagues, she organized different cultural events, concerts, and exhibitions, as well as a Sunday school for young Georgians. Our six-year-old son Nika was wrapping up his last semester at his kindergarten and was slowly getting ready to become a typical, normal Soviet schoolboy.

As for the country as a whole, well, a transforming USSR was not flourishing, but it was not in my view in a state of terminal rupture, either. The Soviet system, however, was beginning to shudder—people were exhibiting signs of trauma and the country was engulfed with different protests and demonstrations in various locales, including in my own Georgia.

Nonetheless, our family life was stable and cheerful (there were bittersweet episodes typical of the unaccountable ups and downs of life in the Soviet Union). Yet, our youth, passion, and enthusiasm largely carried the day.

My duties at ISKAN kept me busy, with new responsibilities coming with my move to its Military-Political Department. I also became associated with an ad hoc working group tasked with contributing research to the Soviet side on various elements of the ongoing negotiations on what ultimately became the *Treaty on Conventional Armed Forces in Europe* (*CFE Treaty*). Our papers, memos, and technical material made its way to “leading comrades” in the Central Committee, the Foreign Ministry, and the Defense Ministry—or so we were told by the *nachalstvo*.

All seemed to be going well. And yet, for an unexplainable reason, **A**in the first day or two of April 1989, I began to become aware of an undiscernible hunch—a nagging feeling of imminent disaster. Something, I was convinced, was going to happen. And in the early hours of 9 April 1989, it did: a massacre took place in downtown Tbilisi, right in front of the Parliament building, which came to be known as the “night of sapper blades.” Responding to a request from the Georgian communist authorities, a contingent of Red Army troops, armed with batons, nerve gas canisters, and sapper shovels (a weapon favored by Soviet special forces), violently dispersed a mass of Georgian demonstrators that had gathered to protest against Abkhaz secessionism and the restoration of Georgian independence. As a result, around 20 people were killed, including a disproportionately large number of women. Hundreds more were injured and hospitalized. Gorbachev instinctively blamed the “actions of irresponsible persons”—meaning the demonstrators—for the carnage.

The following days and weeks were not only terribly traumatic for the Georgian nation—notwithstanding the fact that the “night of sapper blades” truly contributed to the formation of national unity that had heretofore been elusive; for my family, this period also turned out to be one of the most rigid and difficult of our lives, turning all that we had built upside down and bringing an end to my wife’s and my professional career in Moscow.

### *“Night of Sapper Blades”*

The massacre in Tbilisi went unreported in Moscow and in most of the rest of the Soviet Union. Neither the television channels and radio stations nor the newspapers covered those events. Whatever we learned came from fragmentary telephone conversations with our relatives and friends in Tbilisi; I also learned some details from my Georgian friends in the Foreign Ministry. Soon we learned that Shevardnadze and others from the Soviet hierarchy were dispatched to Tbilisi to investigate the horrible confrontation.

Naturally, the atmosphere in our home and at the Georgian Cultural Center (which turned into an epicenter of non-stop expressive and fiery meetings of Georgian Muscovites), was furious. The atmosphere at ISKAN, on the other hand, was gloomy: my colleagues were crushed with the reports that had filtered in of the Soviet Army’s surreal brutality, but kept their silence and did not elaborate their sentiments publicly—although everybody at ISKAN was shocked.

And then, on 14 April 1989, a group of well-known Georgians (i.e., my good friends Levan Alexidze, a prominent Georgian academic, Vakhtang Rcheulishvili, and Gia Nizharadze) arrived in Moscow with smuggled amateur video of the dreadful events in Tbilisi that had been shot by Giorgi Khaindrava, a Georgian dissident and documentalist. The video was first shown in the Cultural Center and the screening gathered a full-capacity crowd. Emotional and inflamed speeches followed, and the event became charged with tension and grief whilst further raising our anxieties, worries, and feelings. Many bitter tears were shed that night.

The next day, on 15 April 1989, I did something that heretofore would have been placed in the category of the unthinkable: I went directly to the person in charge of “international contacts” at the Institute (it was rumored that he was a member of the KGB). I then informed him of the existence of the video and of my crazy intention to show it to the ISKAN staff.

I fully recognized that I was dangerously playing with fire that might not only damage, but even destroy my entire career and, more importantly, adversely affect the livelihoods and even endanger the lives of my family,

friends, and God knows who and what else. I was going to display an evidently, 100 percent anti-Soviet video at the Institute, which was considered to be one the ideological bastions of the Soviet regime. The KGB guy listened to me carefully and then quietly responded: “That would be okay. I am also very much curious, even keen, to watch it.” In the late afternoon, our conference hall became over-full—as I learned later, colleagues informed their friends from other think tanks, seemingly all of whom came. What saved the day, I think, was that Georgy Arbatov, ISKAN’s venerable founder, first director, and by then a full member of the Central Committee, also came and stayed (together with his deputies).

Everyone watched the video in a stifling silence. When it ended, the silence of the dead lingered on for some ten minutes more. I looked in Arbatov’s direction and saw that his eyes were slightly watery. As the crowd shuffled out of the room, many colleagues came up and expressed their deepest condolences and thanked me for arranging the screening.

I came back to my apartment very much devastated but also quite proud that I had at least modestly managed to spread the truth about the “night of sapper blades” to my family, friends, colleagues, and superiors. At the same time, I learned that a rather unexpected drama was unfolding in the life of our six-year-old son, Nika.

As it happened, all his buddies in the kindergarten were ethnic-Russians. At naptime (when children the world-over never actually sleep), one of the boys stood up, unprompted, and gave a speech in which he said: “Guys, have you heard that Georgia declared a war with Russia? Who’s for Russia?” All the kids raised their hands, except for my son. The speaker then instantly proclaimed that, if this was so, then “we should kick Nika out from our kindergarten!”

My wife and I were appalled; clearly, the child was parroting what he had heard from his parents. The next morning, my wife Tamriko visited the kindergarten supervisor who promised her that strict measures would be taken, and that additional staff would be placed close by. She also added, “kids are just fooling around and repeating the nonsense they might hear at home or at the playground.”

The next day, the situation in Nika’s group worsened: again at naptime, the same child (we later learned that his father was a military man) made a

new statement: “Guys, have you heard that Georgians defeated Russia and Georgia won?” Another child chimed in: “No, no no,” he said, “guys, it was not Georgia that won, it was America!” Instantly the first child exclaimed: “So, we need to kill Nika!”

The staff on duty heard the kindergarten verdict, and the reaction was effectually more of the same. My wife and I were both shocked and devastated. We held a family meeting that night and decided to leave Moscow and move back home to Tbilisi as quickly as we could. We took this decision without an iota of doubt: Nika’s safety—his future—was the most important priority for us.

Yes, the immediate consequences for my wife and me were harsh. I left ISKAN, she left the Cultural Center, both our careers were disrupted, everything we had built in Moscow had come to naught. I had to leave my elderly mother there, we had to part ways with good friends and colleagues, and so on. And there was the question of what to do in Tbilisi. Who cared about *amerikanistika* in Tbilisi in those days, when Soviet Georgia was a mess of daily, non-stop anti-Soviet demonstrations?

### *Back to Tbilisi*

It was one thing to make a decision to move back to Tbilisi, but quite another to figure out what to do there. I made some calls to friends and discovered that each Soviet Republic had its own Foreign Ministry—a kind of ceremonial, protocol-centric branch of the “real” Foreign Ministry in Moscow. It turned out that each of these institutions even had their own “ministers,” deputies, and staff whose sole job appeared to be meeting and greeting foreign guests of the Soviet Union who were on visits to Tbilisi and the rest of Georgia. I found out that the Georgian “Foreign Minister” was Giorgi Javakhishvili, whom I knew quite well through various Tbilisi university acquaintances. One of his deputies was my good friend Alexi Bakradze, who was an alumnus of the same faculty from which I had graduated (the Faculty of Western European Languages and Literature at Tbilisi State University).

I therefore called Alexi and shared my problems and plans in that connection with him, and in passing asked him if there was a chance to

find some sort of position for me at this “Foreign Ministry.” Alexi was very friendly and promised to take up the matter with Javakhishvili. It took quite a bit of time, however. This “Ministry” was, after all, a branch of the USSR Foreign Ministry, which meant that personnel decisions were in the hands of the Georgian Central Committee. I kept reaching out to Alexi, not too obtrusively, and he kept replying: “Nothing new yet, Tedo.”

Suddenly, at the end of July 1989, I got a call from Alexi who conveyed a message from Javakhishvili that he wanted to meet. Our conversation was truly exceptional, very warm, and so on. Although he indicated that he had no vacant “diplomatic position,” as he called it, he also shared an ingenious plan with me: to establish “Georgia’s UNESCO National Commission.” Not only did he offer me the post of Executive Secretary of that body, Javakhishvili also indicated that his aim was to assemble the “brightest Georgian minds” in this new institution, mentioning inter alia Merab Mamardashvili, a world-class, phenomenal philosopher. That clinched the deal for me.

That’s how I came back home to Tbilisi, and how began my surreal induction into the world of diplomacy—through an institution that did not yet exist but was seen from its inception as the kernel of an independent and sovereign Georgian diplomatic corps. And in October 1990, that’s precisely what happened. All this unfolded in a weird and quite dramatic way. Nika, who is now in his 40s, cannot resist reminding me from time to time that if it were not for his “courageous debates” in his Moscow kindergarten in defense of Georgia, surely, I would have stayed at my “adored Institute.”

Maybe he’s right: without a doubt, the awful set of “verdicts” pronounced against my son was the main cause of my decision to leave Moscow and return home to Tbilisi. But it would be misleading to say that, at the time of my decision, I had a feeling that the Soviet Union would implode. It would be even more misrepresentative to claim that, at the time, I could foresee that I would play a role in the establishment of sovereign Georgian diplomacy.

And yet, in very short order, that’s exactly what ended up happening. To recount all the details is beyond the scope of this essay. Instead, in the next section I will focus on recalling a series of conversations that speak to

a much larger point—a trend whose effects and consequences were felt not only in Georgia but, as it turns out, much farther afield.

### *Conversations with Strobe*

When the Democrats won the White House in November 1992, Eduard Shevardnadze had completed his tenure as Chairman of the State Council of Georgia and became the Chairman of the Georgian Parliament (in both positions, he was the de facto head of the country; a few years later, he was elected President of Georgia). In short order, Shev—as those of us who were fortunate enough to work closely with him called him between ourselves—dispatched me to Washington, DC, in my capacity as National Security and Foreign Policy Adviser (I was accompanied by another trusted adviser, Gela Charkviani, who served at the time as the Head of the International Affairs Department of his Chancery).

Our mission was to meet the incoming Clinton Administration's foreign policy and national security team. When we arrived, the weather matched the drama of that country's domestic political landscape, with a nasty blizzard and heavy snow covering much of the United States, including Washington. Not unusually for such circumstances, the national capital seemed to be in shambles—and not just because of the infrastructural shutdown caused by the weather. The entire political establishment was effectively shut down, as outgoing George H.W. Bush Administration staffers acted as caretakers while incoming officials (and plenty of aspirants) were busy jostling for positions and influence in the White House, the broader Executive Branch, or the Hill.

In the State Department, we did manage to meet with a transitional interagency foreign policy and security team composed of Sandy Berger, Tobi Gati, John McLaughlin, and others. Later in the day, we met with Strobe Talbott, who by that point had been nominated but not yet confirmed as Ambassador-at-Large and Special Adviser to the U.S. Secretary of State on the New Independent States (he then served as Deputy Secretary of State).

The circumstances of our meeting with Strobe matched the transitional nature of the political setting. We met in the cafeteria, somewhere on the

ground floor of the State Department, where Strobe greeted us, still carrying along unpacked boxes and files.

I had first met Strobe in Moscow when he worked as a journalist for *Time* magazine, years before he became a politician, and when I was a junior researcher at ISKAN. Since that initial meeting, we kept talking to each other in Tbilisi and Washington, and I even helped Strobe to arrange a couple of meetings with Zviad Gamsakhurdia, the first President of Georgia. (I remember that before one of the meetings with Gamsakhurdia at his house, two Caucasian Shepherd dogs hopped at us and barked scarily enough. Later, Strobe published an article in *Time* about that visit, recounting it metaphorically as “barking Georgian democracy.”)

The unsettled and informal nature of the meeting allowed for an agenda that was broader than usual and, in a sense, one that was “reflective.” And so, we talked about the “newly independent states,” as Westerners used to call us, and, naturally, Russia's democratic prospects were part of the conversation.

As not exactly an aside, it is worth mentioning that the Russians preferred the term “near abroad” to describe most of the former Soviet republics. I recall a long conversation that took place in March 1993 that centered on the question of Russia's democratization that turned into a conversation about their preference for using this term. My interlocutor was Luboš Dobrovský, one of the heroes of the Velvet Revolution who by then had become the head of Václav Havel's presidential administration. At one point in our discussion, I asked Dobrovský why he was so pedantic about his questions and deliberations regard the term ‘near abroad,’ and his answer was very memorable: “We Europeans should be extremely careful, aware, and familiar with all details and nuances of Russia's interpretations of that notion and how the authorities instrumentalize it towards former Soviet republics. What today they consider as their ‘near abroad,’ tomorrow it may turn out to be seen their ‘middle abroad,’ and afterwards they may go further still.”

But back to my discussion in Washington with Strobe Talbott at the de facto start of his tenure as U.S. Ambassador-at-Large on the New Independent States. In that politically transitional mood, all discussions were impromptu. Given the embedded informality and against the

backdrop of our longstanding acquaintance, I remember telling Strobe that focusing on Russian democratization was perhaps too ambitious; I proposed that it would perhaps be better to help the “newly independent states” to establish themselves as capable states and democratic regimes in their own right, which could (in good time) impact upon the democratization process inside Russia itself. The thinking was that any attempt to democratize that colossal country would be problematic in the context of its ongoing political and economic crisis. “Let’s establish a ‘democratic belt’ around Russia,” I proposed. “They won’t like an idea of a ‘belt’ around them,” Strobe muttered. Indeed, anything resembling the idea of encirclement—or any form of constraint on Russia—seemed quite beyond the spirit of the day in Clintonian policy circles.

And that’s how our conversation ended that winter. Of course, my suggestion seemed naïve to Strobe and the entire Clinton Administration decisionmaking apparatus at the time. Georgians had no idea that President Bill Clinton was about to launch his “Russia First” policy, whereby the NIS states (minus the Baltics) would be seen as mere dependent variables in the long transition process. Years later, Strobe published his memoirs, *The Russia Hand*. Therein, he referred briefly to this “meeting with Tedo Japaridze and Gela Chakrapani,” but he did not elaborate very much on its contents. Years later, he confided to me that in the first drafts of his memoirs he had referred to us as “two Georgian Rosencrantz and Guildenstern”—a reference to two characters from Shakespeare’s *Hamlet*. Later on, he decided to use our real names, because, he noted, those two distinguished fictional gentlemen were hanged by the end of the play. Very thoughtful of him...

So, for Tbilisi and Washington alike, Russian stability mattered, although in different ways. And during our exchange, as Strobe recalled in his memoirs, I made the point that if “our big neighbor goes, so goes the neighborhood.” Little did I know then that Georgia’s future was hanging in the balance, as I was not alone in considering a belt around Russia; indeed, things truly could have gone in a different direction, reshaping the future of Europe.

That really was a period in which choices mattered. For instance, in the early 1990s, there were intensive diplomatic deliberations about a possible land swap of Kaliningrad for Crimea. Indeed, a “belt of democratic states” could have engulfed Russia.

When choices are abundant, missing a chance seems acceptable. However, for countries like Georgia and Ukraine, when a chance is lost, it is lost forever.

In 1999, I once again found myself talking to Strobe—this time, over a Georgian dinner in my ambassadorial apartment in the Washington suburb of Chevy Chase. That was in the immediate aftermath of the confrontation between Russian and (mostly British) NATO forces over the seizure of the Priština airport in the immediate wake of the end of the 78-day U.S.-led bombing campaign of Serbia—a campaign that had not been authorized by the UN Security Council. I recall Strobe telling me how he was in a meeting with Russian Foreign Minister Igor Ivanov and Defense Minister Igor Sergeyev in Moscow when his aide passed him a note informing him that Russian army units were marching towards the Priština airport. Strobe posed a question about that, and both of his Russian interlocutors looked straight into his eyes and told him that nothing was going on in the vicinity of Priština. I recall telling Strobe that we had a few centuries of experience looking into Russian eyes and being lied to, so I was not that surprised.

Strobe countered that a different Russia was still possible. The fact is, he pointed out, that Russia was undergoing its first peaceful and democratic transfer of power (from Yeltsin to Putin). “The first time in a thousand years,” he added romantically. In his view, this surely suggested that Russia was now different and could be more different still. I looked at him in disbelief, countering that this was also the first time in history—“let’s say, the first time in a thousand years”—that the Russian security services had gotten their hands on real political power. Even Beria, I said, did not manage to do this, because he had been held back by Stalin for decades (and then swiftly dealt with in a palace coup by Stalin’s successors). Not only that, but Putin’s ascension to power also came with a reassertion of state economic power; these guys, I remarked, were not only intent on ruling Russia, but they were also intent on actually *owning* Russia. Strobe did not exactly embrace my counterargument.

Fast forward a decade, to November 2014. I remember visiting Strobe and his wife with our Parliamentary Speaker, Dato Usupashvili, and I found him to have become extremely anti-Russian and anti-Putin, as all of us were after Russia’s intrusion in Ukraine. In that conversation, I recalled our “belt of democracy” exchange. In the early 1990s, it was natural for the

West to believe, Strobe explained to me, that Russia could be transformed into a more cooperative regime.

Alas, the time for choices for the West had come and gone—to the detriment of countries like Georgia and Ukraine. The difference is that the United States can learn from history. We do not have this luxury.

In our diplomatic reality, there is little benefit to historical hindsight other than absolving ourselves from guilt. I am somewhat glad Strobe edited out from his memoirs the Rosencrantz and Guildenstern allusion. At the very least, it would have been bad luck. But his choice of allusions shows that we were broadly on the same page. By virtue of my academic training, I prefer allusions taken from literature rather than from history—not least because I find them more appropriate for a Georgian diplomat.

After all, when history can teach us something, the time for choices has elapsed. Hindsight dresses the responsibility of the moment with the aura of the historically inevitable. It is indeed all very much like Edmund said in *King Lear*:

This is the excellent foppery of the world, that when we are sick in fortune (often the surfeits of our own behavior) we make guilty of our disasters the sun, the moon, and stars, as if we were villains on necessity; fools by heavenly compulsion; knaves, thieves, and traitors by spherical predominance; drunkards, liars, and adulterers by an enforced obedience of planetary influence; and all that we are evil in, by a divine thrusting on. An admirable evasion of whoremaster man, to lay his goatish disposition on the charge of a star! **BD**

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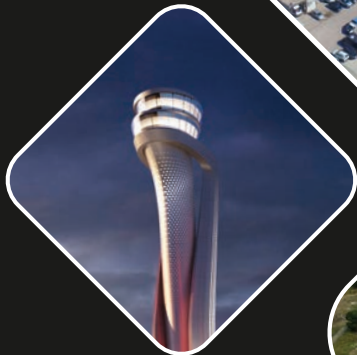
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