



Ministry of Internal
Affairs of Georgia



National Security
Council of Georgia



International Black Sea
University



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საერთაშორისო კონფერენცია
“გლობალიზაცია და
უსაფრთხოება
შავი და კასპიის ზღვების
რეგიონებში”

6th Silk Road International Conference
“Globalization and Security
in
Black and Caspian Seas
Regions”

Conference is organized by
International Black Sea University in
cooperation with
Ministry of Internal Affairs of Georgia
and
National Security Council of Georgia

May 27, 2011 – May 29, 2011
Tbilisi - Batumi, GEORGIA

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6th Silk Road International Conference “Globalization and Security in Black and Caspian Seas Regions”
May 27, 2011 – May 29, 2011, Tbilisi - Batumi, GEORGIA

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Giuli ALASANIA

Professor, Vice-Rector of International Black Sea University, Director of IBSU Silkroad Scientific Research Institute, Head of Organizing Committee of the 6th Silk Road International Conference "Globalization and Security in Black and Caspian Seas Regions".

Distinguished guests, dear participants and organizers of the conference. Let me welcome you to Georgia, to the 6th Silkroad International conference on "Globalization and Security in the Black and Caspian Seas Regions".

Ladies and Gentlemen, Georgia is a right place for holding a gathering on the issue of security, since country's location at the crossroads always was and still is its advantage and disadvantage. Throughout its history Georgia had many invaders and aspiration towards independence as well as territorial integrity was a dominant characteristic of the nation. Country's location caused multiculturalism and high level of tolerance of the Georgian society ensured through the history by the early traditions of statehood and developed institution of citizenship. Thanks to longstanding traditions of intercultural dialogue, religious confrontation rarely grew into ethnic or any kind of conflicts in Georgia. Because of that internal as well as external security was always topical issue and Georgians always knew its significance very well. Short time of Georgian independence in 1918-1921 was interrupted by 70 years of Soviet regime. Georgia was not able to choose its partners or to control its security.

The dissolution of the Soviet Union radically changed the situation in the region.

As the link connecting the East with the West, Georgia restored traditions and obtained a new geopolitical function and a new salient role in international relations. Georgia is a bridge connecting several important economic regions with a total population of over 8 million people. It is a key link in the shortest transit route between Western Europe and Central Asia for transportation of oil and gas as well as dry cargo. At the same time the country became the arena of interaction and opposition of political, economic and other interests of both global and regional scale. Alongside the intensive reforms, the present Georgian government set themselves the following main tasks: building a strong, united and stable democracy, integration into Euro-Atlantic organizations (a choice determined by-values), the restoration of territorial integrity of Georgia, radical renewal of the failed and rampantly corrupt system, elimination of poverty and unemployment. After the "Rose revolution" in 2003, the overthrowing of Eduard Shevardnadze and his government and the "Palm Revolution" in Adjara, overthrowing a criminal clan headed by the corrupt and authoritarian leader Aslan Abashidze Georgia distanced from its Communist past and started its long and hard way to sustainable sovereignty. The current process in Georgia was characterized as "mental revolution" by The Economist of London. Let me mention some major democratic reforms that helped to fast development of the country:

Strengthening the independence of the Judiciary resulting in 80% of approval of the court;

Electoral Code Reform;

Media pluralism (acknowledged by Annual National Program of NATO); Political Pluralism or Strengthening Institutional Guarantees for Opposition (when opposition has more financial support proportionally);

Constitutional Reform (ensuring balanced power, increasing of prime-minister's power);

Fighting corruption (This achievement is recognized by all assessments); Equal rights for minorities through education;

The Liberty Charter:

Decreasing taxes and adopting a new liberal tax code helped to jump-start the long ailing economy; wide ranging economic reforms were implemented, spectacularly simplifying business startup and improving customs procedures; the number of licenses were slashed enormously (reduced by 84%) as well as of the time for issuing: 30 days for issuing licenses and 20 days for issuing permits). Rapid pace of reforms towards a liberal and open economy generated a strong influx of foreign direct investments and earned Georgia a rank of world's top reformer economic and otherwise.

The country's progress in improving business climate has been well documented in a number of international indices:

The World Bank hailed Georgia's commitment to reform over the past four years as "unprecedented" after the country rose from 112 to 12th place in the world Bank's Doing Business 2011 survey;

Doing Business Reformer Club awarded Georgia as Top Reformer in Europe and Central Asia during the last five years;

According to Heritage Foundation's Index of Economic Freedom 2011, Georgia ranks 29th out of 179 countries in the world, surpassing such highly developed European countries as Norway, Belgium, France, Latvia, etc.

Georgia has a score of zero in difficulty of the hiring and firing indices, according to the World Bank Doing Business Survey 2011. Free Industrial Zones were established in Georgia, promising very attractive conditions for the investors.

However nothing could be possible without a stable and strong security. The security system has not only essentially improved in Georgia but changed completely. The security sector reform comprises law enforcement and defense. Border management includes the EU Special Representative's Office in Georgia, a successful cooperation in the process of Border Management reform. The Border Guard was transformed from a paramilitary force into a police-type agency. All these changes were based on the changes of legislation as well as of the educational system. Corruption, smuggling, money laundering, traffic, terrorism will soon all belong to the past. A corruption - free traffic police became a sample for different countries.

Today USA, EU, European Council, NATO support Georgia's wish to be an equal member of the civilized world. Tolerance, transparency, openness, pluralism, justice, a peaceful resolution of conflicts even if it is unilateral initiative- is our main weapon for achieving our goals. Visa regime in Georgia is very liberal. Visitors to Georgia from EU, Israel, Turkey, Japan, Canada and Switzerland do not need a visa at all, while residents of other countries can obtain it directly at the border at a minimal price. Georgia opened the border for all Caucasians and every day about 3 000 people cross the border being in touch with our people visiting our country. We have passport free customs, joint airport and free trade with Turkey. The citizens of Armenia and Azerbaijan will soon be able to cross our border without passport.

Yesterday Georgia celebrated 20 years of restored sovereignty. These days we are witness to fragility of our sovereignty we once again saw that our security is still at stake. Using the breakaway autonomous territories as a leverage against independent Georgia our northern neighbor systematically breaks peace in the region in some cases by direct military intervention (as it was in August 2008) in other cases by encouraging internal destructive forces pitting them against the Georgian sovereignty, occupying 20% of Georgian territory, ignoring and violating international law. There is no security just in one country there is no even regional security. The globe is shrunk today . In the time of globalization all what happens in one region has



Chapter 1: Welcoming Ceremony Speeches

repercussion in the most remote areas. Our concept of security is not limited to Georgia. Nearly 1000 Georgian soldiers are risking their lives every day in Afghanistan, protecting the Afghan people from terrorism, but ensuring a terror -free future for Georgians as well, since terrorism is international by character and needs very close and international cooperation. We are proud of them.

Distinguished guests, the Georgian people were distinct by their creative and building activities and not by destruction. To build a strong independent state, which could be a part of a civilized world based on shared values is a challenge.

Security in Georgia is security in the region which in turn means global security. We consider your participation in the conference as an essential contribution to global security. Thank you for your contribution and let me wish you success on behalf of the International Black Sea University.



Dimitri SHASHKINI

Minister of Education and Science of Georgia

Ladies and Gentlemen, distinguished guests, it gives me a great pleasure to welcome you at the opening of the International Conference “Globalization and Security in Black and Caspian Sea Regions”. Topic of the conference is of special interest to us as reforms implemented in our country, including reforms undertaken in education system are first of all aimed to respond to the demands of the modern world and processes like globalization constituting essential part of its development.

Georgia has strong commitment towards integration into international community that is confirmed through legislative, institutional and conceptual changes. Policies aimed at establishment of international institutions on one hand and promotion of universal values on another are widely implemented in different areas of our country's political, cultural and social life.

Wide package of reforms have been introduced in education system of Georgia aimed at aligning it with International standards has become one of the major focus of the reforms. The new curriculum, teaching and learning methodologies, student assessment, teaching and learning materials, quality enhancement procedures and mechanisms for its further improvement, approaches to professional development of teachers, unified national exams, as fair and competitive procedure for admitting students at higher education institutions have signified orientation of making our education system more open to the globalized world. Simultaneously, changes in management and organization of the education system, policies aimed at increasing mobility of academic staff and students have been implemented to ensure international openness of education system of Georgia.

These changes have been implemented in unison with reforms aimed at aligning Georgian education system with European and international standards. Georgia became member of Bologna Process in 2005 when European Integration of education system entered the crucial stage. Up to now Georgia has made significant progress toward its integration in European Higher Education Area: Law on Higher Education was adopted in 2004 and three cycle-system was introduced entitling students to move freely within national and international system, Georgia has ratified Lisbon Convention on Recognition granting right for full recognition of the knowledge and qualification acquired, National Qualification Framework compatible with European Qualification framework was elaborated providing opportunity for studies with lifelong perspective. Moreover, special programs for various social groups are implemented by the ministry to ensure more access and inclusion in higher education.

Since 2010 Ministry of Education and Science of Georgia has been implementing the project “Teach and Learn with Georgia”. The main goal of the project “Teach and Learn with Georgia” is to recruit 1,000 native English speakers who will be willing to help Georgian schoolchildren learn the English language in public schools across Georgia. As we strive towards globalization and acknowledge the advantages of new technology, we still consider that human interaction and people-to-people communication are irreplaceable and have far more tangible or intangible benefits than any other means of communication. This is why “Teach and Learn with Georgia” is so important for a small country like Georgia that has exceptional customs and traditions and is willing to share them with the rest of the world.



Ensuring safety at schools has become one of the main priorities of ongoing reform aimed at establishment international standards in general education. Introduction of the institute of school resource officers is one of the components of a Safe School Program. Responsibilities of a resource officer include prevention of conflicts and crime at school and providing relevant assistance to schoolchildren. Resource officer does not punish schoolchildren; instead, they are obliged to provide safety of schoolchildren at school. Responsibilities of a resource officer also include observing the internal rule of school.

In 2010, the Program of Resource officers was piloted at seven public schools in Tbilisi. Piloting of this program at schools and as a result significantly reducing school violence has convinced the population and the Ministry in the necessity of further expanding this program.

Internalization of higher education is the cornerstone of the education policy. The main directions are increasing number of academic programs in English attracting more students from abroad, establishing direct contacts between Georgian and foreign universities, expanding cooperation, implementing joint programs, implementing students exchange programs. Since 2005 Government of Georgia has been implementing program aimed at funding Georgian students at master's level at leading world universities.

In order to respond to the current challenges facing the world in terms modern technology development Georgia has launched new project aimed at establishment of university of international standards in Batumi – one of the most beautiful regions of Georgia. Batumi Technological University (BTU) will be a higher educational institution of a new type, oriented on teaching science and technology. It is an upscale university with advanced background and readiness to solve rapidly changing, technology-oriented global problems of the society; to direct its main efforts towards innovations, inter-disciplinary research and education in the spheres of advanced technologies, science and teaching; to become a synergic partner for local and regional industry, Government, universities and all interested parties; to be one of the extremely creative, innovative universities both within the country and on regional level.

In conclusion I want to thank the hosts of the conference. We believe that events like this considerably contribute to the exchange of ideas and enhancement of relationship between Georgia and the globalized world community.

Shota UTIASHVILI

Head of Informational-Analytical Department of Ministry of Internal Affairs of Georgia

Distinguished participants and guests,

Ladies and Gentlemen,

First of all, on behalf of the Ministry of Internal Affairs of Georgia allow me to express my sincere gratitude to the International Black Sea University for the organization of the International conference where the participant from different countries have the opportunity to present their views and researches on the specific and important issues of the black sea and Caspian sea regions.

Among other essential elements of Security and stability in the world, as well as in the south Caucasus region, is the ability of the governments to solve the crime related problems including fight against organized crime, which represents danger to the Human Rights, good order, rule of law and democracy of each country.

Since the rose revolution the Government of Georgia declared fight against organized crime in its every manifestation as one of the top priorities for the country. Considering that organized crime goes beyond national borders, it constitutes threat not only to a single state, but to the international community. The Government of Georgia adopted coherent, coordinated and wide-ranging strategy for fight against organized crime.

On the international level, Georgia is a party to all the major international instruments in fight against organized crime. In its effort to enhance the measure on national and international levels, initially Georgia became a party to the United Nations Convention on Transnational Organized Crime, so called “Palermo Convention” on 7th of June 2006. The introduction of new legislation and its implementation, particularly to seize assets, has proved effective and apparently led to many major criminals, the so called “thieves in law” leaving the country.

Fight against organized crime involves many directions, but most of all, relies on the effectiveness of the Law-enforcement system. Therefore, one of the key directions in the fight against organized crime was the establishment of highly qualified, respected and corruption-free police. Since 2004, the Ministry of Internal Affairs of Georgia has undergone a number of major reforms and has succeeded in regaining public trust and effectively curbing criminality, especially in its organized forms.

One of the grave forms of the organized crime is the corruption. Corruption is a complex social, political and economic phenomenon which undermines democratic institutions, slows economic development and contributes to governmental instability. As the causes of corruption are many and varied, the government of Georgia has taken essential preventive, enforcement and prosecutorial measures since the Rose Revolution in 2003 to escape from under the cloud of political corruption and dishonesty. An anti-corruption program was one of the key reforms that the current Georgian government implemented.

Noteworthy to mention is that the one of the top priorities of the Police Reform was the implementation of the border reform. The safe and protected borders contribute to the fight against transnational organized crime, not only in the Caucasus region, but also in the entire Europe.



Chapter 1: Welcoming Ceremony Speeches

The complexity of tasks performed at a border requires the integrated approach to the Border Security. That was the base for the special attention given to the creation of the National Integrated Border Management Strategy of Georgia. This Strategy was developed by the Temporary Inter-Agency Commission at the National Security Council with the assistance of the EU Special Representative to South Caucasus and was approved by the Presidential Decree in February 2008. This document sets targets which should be achieved throughout the five years.

Stability in the South Caucasus has to be of outmost importance to our Partner Countries, considering the convenient geo-strategic position on the world map. Georgia also represents a reliable hub as part of the alternative energy corridor for Europe. Serious progress reached by Georgia in developing a modern democratic State should be recognized and supported by International Community. The measures taken in fight against organized/transnational crime must be unified and supplemented by the adequate measures of other countries. The best practices of one country can be shared by others. This is the only way of achieving the stability, security and the prosperity in every region of the world.

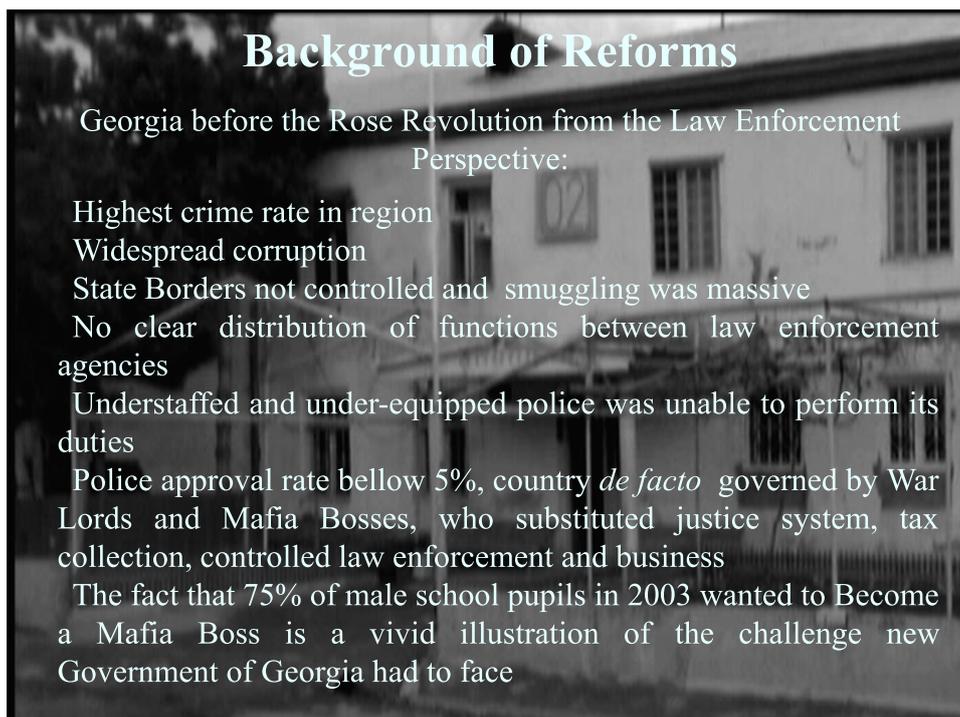
At the end I would like to thank you for your attention and wish the conference to be successful and productive.



Shalva KVINIKHIDZE

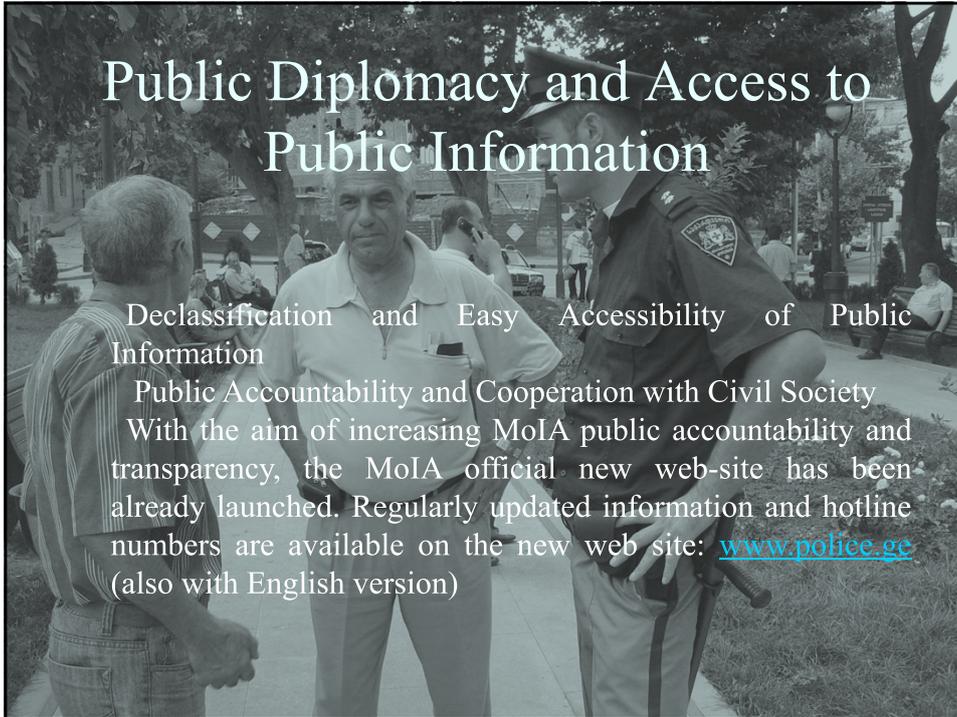
Key Speaker

Head of International Relations of Ministry of Internal Affairs of Georgia









Public Diplomacy and Access to Public Information

Declassification and Easy Accessibility of Public Information

Public Accountability and Cooperation with Civil Society

With the aim of increasing MoIA public accountability and transparency, the MoIA official new web-site has been already launched. Regularly updated information and hotline numbers are available on the new web site: www.police.ge (also with English version)



Main Target of the Reform- Combating Lawlessness

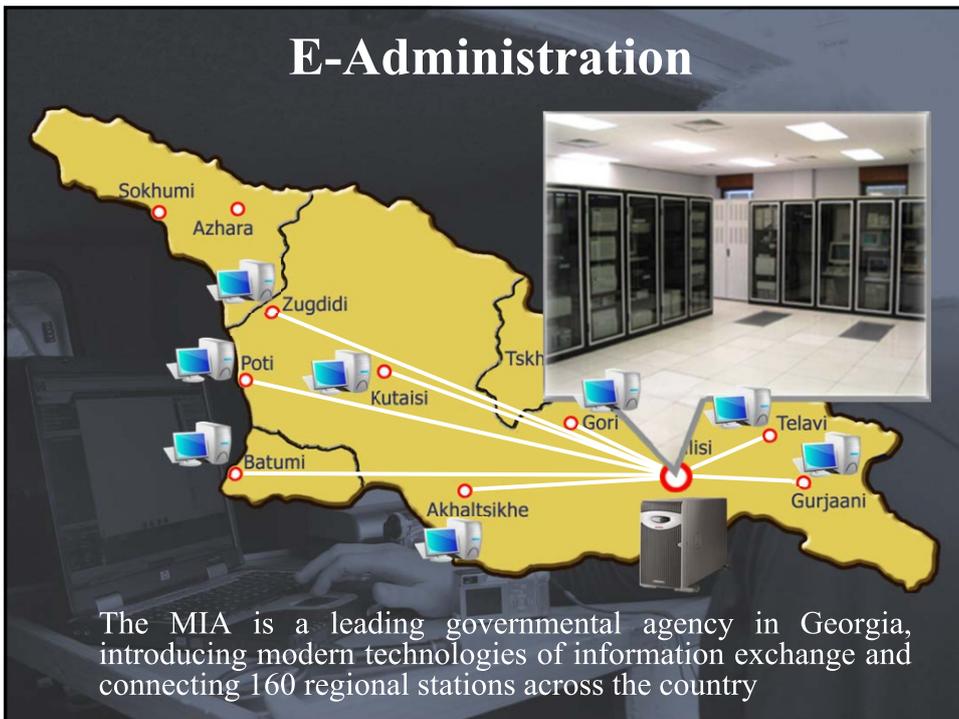
Zero Tolerance against Corruption, Priority Falling on Fighting Corruption within the Law Enforcement

Zero Tolerance against Organized Crime/Mafia

Border Security, Priority Combating Smuggling and Human Trafficking

All the abovementioned Measures were Accompanied by Broad Public Awareness Campaign (Media Campaign, Round Tables, Internet Forums, Outdoor Advertisement)

The Reform Aimed not to only Combat Specific Crimes, but to Redefine Crime as a Social Phenomena and Place it where it Belongs – within the Framework of Criminal Justice System



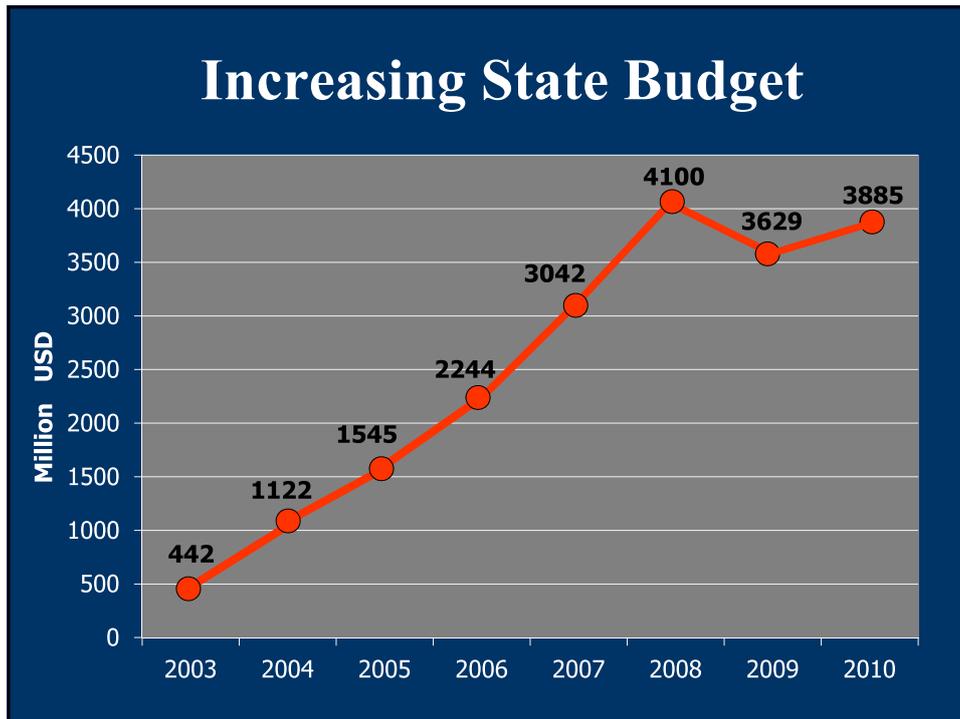


Ozurgeti



Renovated Police Stations Tbilisi, Gldani-Nadzaladevi





Combating Organized Crime

Corruption

Adoption of Anti-Corruption Strategy and its Action Plan

Mafia Bosses “Thieves in Law”

Adoption of Relevant Legislation. Broad Public Awareness Campaign

Trafficking in Human Beings

Adoption of Anti-Corruption Strategy and its Action Plan

Adoption of Georgian Law in Combating Terrorism and relevant bylaws

Terrorism

Georgia is a Party to all Global Conventions Against Terrorism

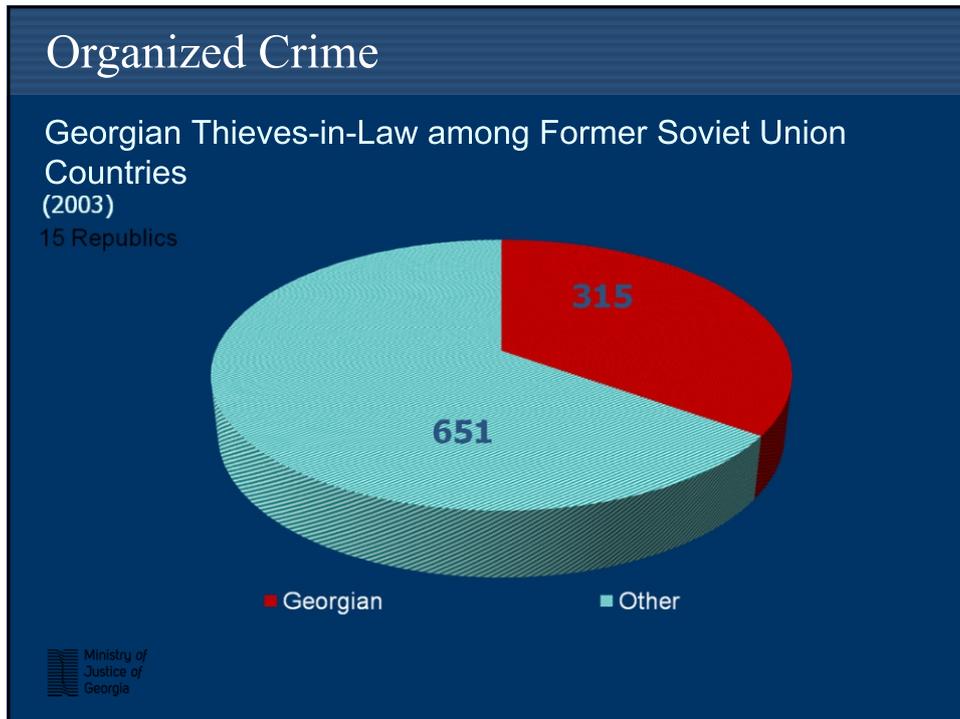
Adoption of Georgian Law in Combating Terrorism and relevant bylaws

Smuggling of Goods and Drug Trafficking

Effective Control of State Borders, Adoption of IBM Strategy and its Action Plan

Fighting Corruption

Fight with the corruption is one of the priorities of the government. Thus, as a result of the reforms, new unit – Department of Constitutional Security, with task to fight against corruption, was created in MIA. In 2004-2010 more than 450 public officials were arrested, charged and convicted for bribery



Summary of the First Stage Reform Results

For the Quantitative and Qualitative assessment of the Reform Results Government of Georgia is Guided by: 1) Crime Statistics Analyses and 2) Public Opinion Polls and other Surveys.

Compared to 2006 Heavy and Violent Crimes Statistics overall were Reduced by 37%, including: Premeditated Murder by 40%; Armed Robbery by 68%; Theft by 59 %; Car Abduction by 75%. While Crime Detection Increased by 31% the Same Period.

Organized Crime does not have any Strong Force in Georgia. All Mafia Bosses are either Arrested or have fled the Country. The MoIA is Closely Cooperating with Partner Countries on this Issue.

Georgia Remains to be the only ex-Soviet Union Country, that since Reforms has moved to TIER 1 Placement in Trafficking in Persons Annual Report (US State Department)



Summary of the First Stage Reform Results

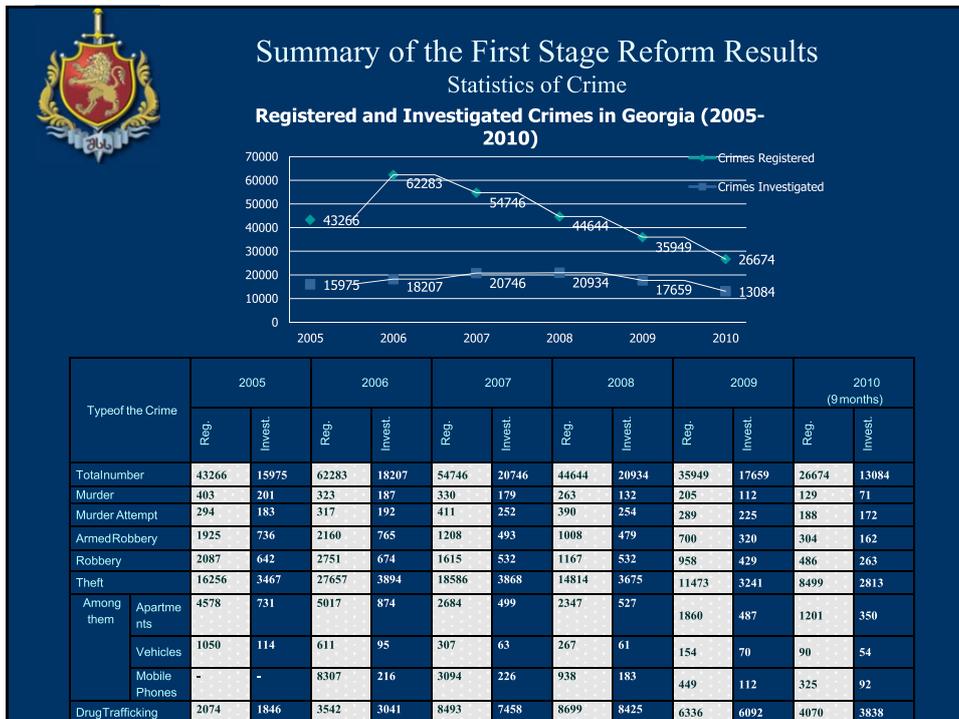
- Ill Treatment by Police Officers and/or within Temporary Detention Facilities under the Mandate of the MoIA has been almost fully Eliminated, Confirmed by Local HR Organizations as well as International Monitors including CoE CPT
- Georgia is Rated as Number One in Fighting Corruption in Last 5 Years (Transparency International Report)
- Corruption in Georgia has been decreased with 98 % according to “IRI” study, which has been conducted with order of US government and USAID. On a question – have you paid bribe for particular service/ decision during last 12 months :
 - 98% of interviewed persons - answered they have not given bribes
 - 0.4 % - said yes
 - 1,4 % - refused to answer



Summary of the First Stage Reform Results

According to Different International and Independent Polls (Including International Republican Institute, Baltic Survey Ltd/ The Gallup Organization and The Institute of Polling and Marketing) by the end of 2005, Public Trust towards the Police in Georgia Reached 70% and by 2009, it increased to 80%, while before 2004 this indicator was below 10%. Most Recent Georgian National Study Published 84% Public Confidence Rate with Respect to Police

The Success of the Police Reform has inspired many countries in the Region by recognizing the need to modernize their system accordingly





Future of the Police Reform

Second Stage of Reforms

The Aims of the Second Stage Reform is to ensure that the Success of the Initial Reforms are Sustainable. In Terms of Continuous Institutional Development the Primary Objective of this Stage are:

- Staff Capacity Building (Diversified Trainings, Broader Retraining Opportunities Adoption of Standardized Methodology for Forensics and etc.) under the aegis of MoIA Academy
- Development of Management (Low as well as Middle Level) Capacities through Personnel Capacity Building on the one Hand and by Developing Support Tools on the other Hand (Case Management Software, Communication Tools, Improved Statistical Analyses throughout the Criminal Justice Sector)
- Improve Coordination and Information Management within the System and Inter-Agency



Future of the Police Reform

Second Stage of Reforms

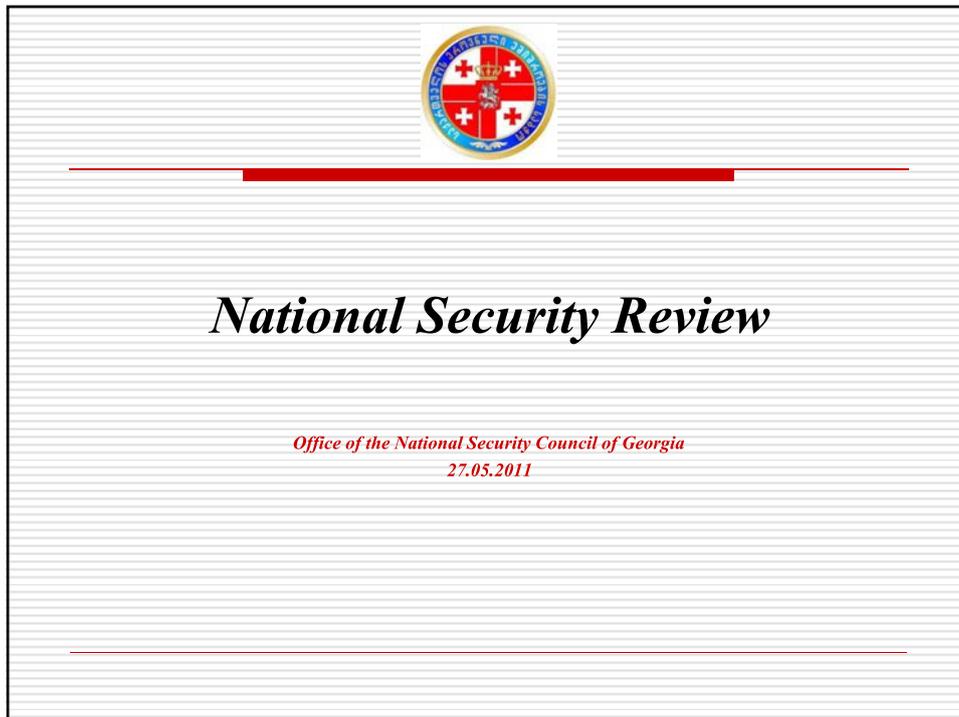
The Second Stage of the Reform is Based on Strategic Documents and their Action Plans Enforced by the Government of Georgia:

- Criminal Justice Reform Strategy
- Counter Corruption Strategy
- Juvenile Justice Strategy
- Integrated Border Management Strategy
- Anti-Trafficking Strategy
- Strategy against Ill Treatment

Lasha DARSALIA

Key Speaker

Director of Analytical Department of the National Security Council of Georgia





Content

Content

National Security review Process (NSR) – Georgia’s Security Policy Planning Process

National Security Concept – Basic conceptual/strategic document



National Security Review

Goals & Deliverables of the National Security Review Process

NSR Goals

- Institutionalize “whole-of-government” approach in relation to the security policy planning process
- Deepen interagency cooperation during and through this process
- Enhance the capacity of the agencies involved in the process
- Establish a transparent, open, and inclusive process for security policy planning

NSR Deliverables

- Conceptual/strategic documents
- Institutionalized practice of NSR
- Enhanced interagency cooperation among security agencies involved in NSR



National Security Review

Main Components of the NSR

The Government of Georgia considers the National Security Review (NSR) process to be the main tool for institutionalizing the country's security policy planning process.

- I. Package of the Strategic Papers
- II. Transparency of the Security Policy planning process
- III. Capacity building of the involved agencies



National Security Review

National Security Review Process—Where do we stand?

Year 2009: Establishing and institutionalizing core working-group structure; launching the process of elaboration of the basic documents, including: Threat Assessment (adopted in September 2010) National Security Concept (will be finished in the first quarter of 2011) Other specific strategic documents. The process of preparing these strategic documents will take into account the resource base of all respective agencies.

Interim documents: Military Strategy; Foreign Policy Strategy; Integrated Border Management Strategy, Intelligence Concept. These documents, developed in 2009-2010, will be revised and renewed based on the new "Threat Assessment Document" and "National Security Concept."



National Security Review

Timeline for Drafting Conceptual/Strategic Documents

Phase 1 – Fundamental Conceptual Documents
The Threat Assessment Document for 2010-2013 – Adopted in September 2010

National Security Concept – January-May 2011

Phase 2 – Strategic Documents
Year 2011
Revision of the Interim Documents: Foreign Policy Strategy; Integrated Border Management Strategy; Intelligence Concept.
Adoption of the Strategic Defense Review; Military Strategy

Phase 3 – National Security Strategy of Georgia
National Security Strategy – by the end of 2011. Elaboration of the “National Security Strategy of Georgia” based on already prepared conceptual and strategic documents adopted during 2009-2011.



National Security Concept

National Security Concept

Threats, Risks and Challenges to the Georgian National Security

- Occupation of Georgian Territories by the Russian Federation
- Risk of the New Military Aggression by the Russian Federation
- Violation of rights of the IDPs and Refugees from the occupied territories
- Conflicts in the Caucasus
- International Terrorism and transnational organized crime
- Economic and Social Challenges
- Energy Challenges
- Cyber security
- Environmental Challenges
- Civil integration
- Destruction of the monuments of the cultural heritage



National Security Concept

Security Policy Priorities

- De-occupation Policy and the Relations with Russian federation**
- Georgia's European and Euro-Atlantic Aspirations**
- Engagement with the Population of Occupied Territories**
- Georgia's International Relations**
- Georgia's Neighborhood Policy**
- International Terrorism and Transnational Threats**
- Social, Economical and Energy policies**



National Security Review

Transparency of the NSR process

The Government of Georgia is striving to ensure that there is a truly consultative process that involves political parties, think tanks, and Georgia's international partners.

The office of the National Security Council plans to continue established practice of the regular consultations regarding the NSR process with partner countries on numerous occasions (seminars, conferences, etc):

- NGC Meetings
- PARP Meetings
- GoG conferences
- Workshops, meetings with NGOs, Political Parties etc.

Plans Ahead. Regular meetings with three target groups regarding "National Security Concept" in January-February 2011:

- I group: Georgian Think Tanks
- II Group: NATO member states
- III Group: Political Parties



National Security Review

Capacity Building

National Security Council works with different institutions and foreign partners to develop training opportunities for all agencies involved in the NSR process.

George C. Marshall European Center for Security Studies

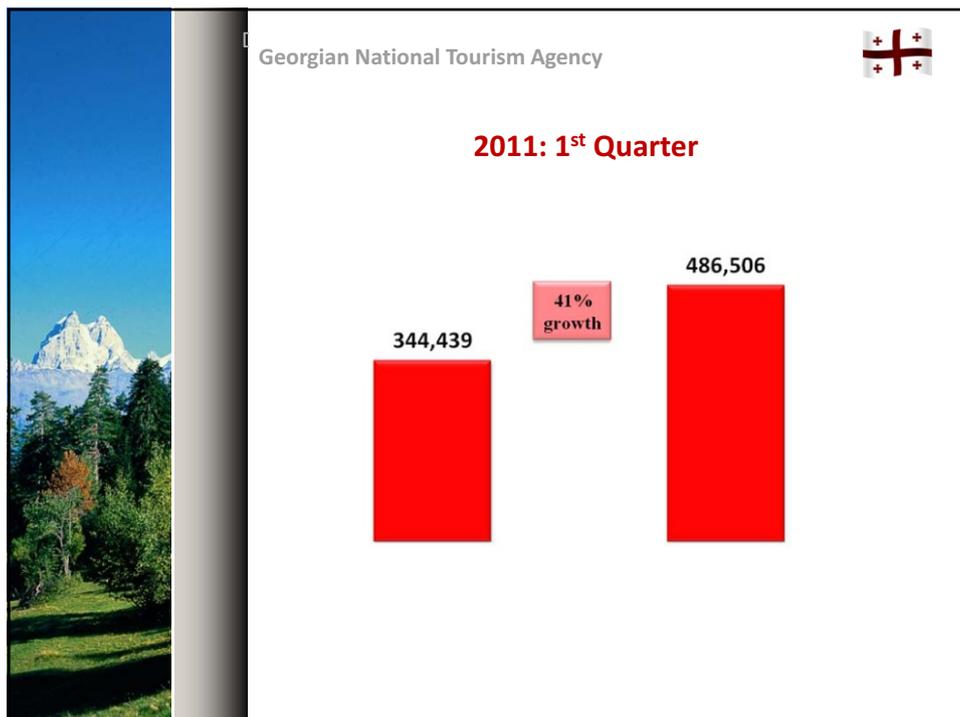
NATO Programs



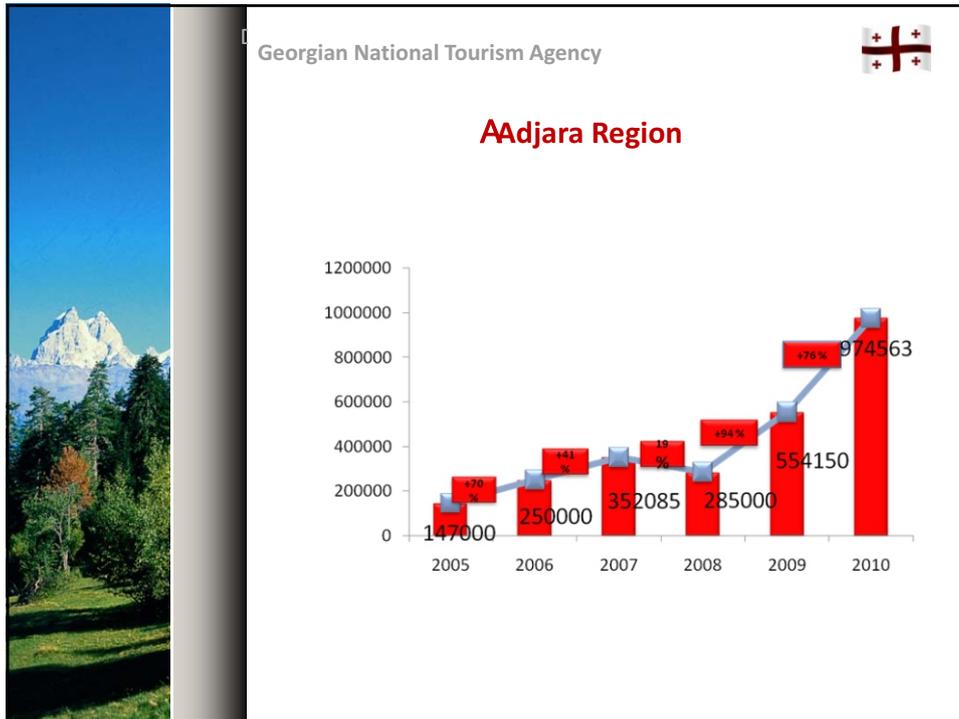
Maia SIDAMONIDZE

Key Speaker

Chairwoman of Georgian National Tourism Agency of Ministry of Economy and Sustainable Development of Georgia









-
- Georgian National Tourism Agency
- ### Infrastructure and New Product Development
- 20 Tourism Information Centers
 - New Product Development
 - Basic Information Infrastructure
 - New Resorts and Destinations
 - Domestic Tourism and Regional Development



Georgian National Tourism Agency 

Georgia- New and Popular Destination on the World Tourist Map

- Rebranding
- Internet Marketing
- PR and Advertising Campaigns on Primary and Secondary Target Markets: Organization of over 17 FAM Trips and presence on 15 International Tourism Fairs YTD
- New Market Entry Strategies



Georgian National Tourism Agency 

Long-Term Sustainable Tourism Development

- EU Twinning Projects: Tourism Legislation and DMO's
- Long-term Tourism Strategy 2012-15
- South Caucasus Tourism Initiative with UNWTO
- Silk Road Project with UNWTO
- GUAM Tbilisi Declaration
- Education Quality and Standards
- Hospitality Service Quality
- Private Sector Development: Trainings and Consultation

CHAPTER 2

SECURITY AND STABILITY POLICIES, ANTI-TERRORISM POLICY, CONFLICT RESOLUTION POLICY



Tbilisi - Batumi, GEORGIA
May 27, 2011 – May 29, 2011

CHAPTER 2

SECURITY AND STABILITY POLICIES, ANTI-TERRORISM POLICY, CONFLICT RESOLUTION POLICY



Tbilisi - Batumi, GEORGIA
May 27, 2011 – May 29, 2011

TRACECA as a Eurasian Organization

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Abstract

TRACECA is not only a transport cooperation among member states, further to that, it has a huge international political function. Especially newly independent states, after the disintegration of Soviet Union, had wanted to sell their exporting issues without Moscow's control. European forces always need more secure trade to buy raw materials directly with exporter countries. Although USSR had been dissolved, many of the Russian leaders did not imagine giving up the energy and commodity rich ex-Soviet states. Eurasian Strategy of some Russian elites was aiming to set up newly Moscow-centred organization over these regions. According to this strategy, none of the ex-Soviet countries could find relations with others against Russian interests. The main target of this policy was Atlantic powers. Nevertheless Russia never enjoyed Azerbaijani-Georgian settlement on building South Caucasian corridor. In this presentation, TRACECA is analyzed as a Eurasian organization not being seen as against Russian or another regional interest. Wherefore the regional countries have to participate and improve this organization.

Introduction

At the Cold War era, Iron Curtain name was used for disconnectedness between Socialist and Capitalist countries. As it had watched between the East and West Germany or between some European countries which had lived one within other in the history, we see this big barrier between the Caucasus and the neighbour non-socialist states. Further to that, from Kyrgyzstan, Uzbekistan and Turkmenistan to Azerbaijan, Georgia, Romania, Bulgaria and Ukraine, there were no directly relations but all Soviet or Socialist republics were able to establish relationships among themselves via Moscow. This Moscow-centred system had weakened or even destroyed the historical importance of the Caucasus. Nonetheless, in the World War II, as far as known, that primary goal of Hitler was to pass to Middle Eastern oil areas via the Caucasus.

After the disintegration of the Soviet Union, the historical importance of the Caucasus has gradually been revived. In my opinion, the Georgian-Azeri agreement on South Caucasus pass was the crucial milestone. The early Azeri oil of Caspian Sea had could be transported only by settlement with Georgia on Baku-Supsa Pipeline. TACIS (Technical Aid to the Commonwealth of Independent States) was the precursor of TRACECA (Transport Corridor Europe-Caucasus-Asia).

In this process, TRACECA is not only a transport cooperation among member states, further to that, it has a huge international political function. Also Baku-Supsa Pipeline was between only Azerbaijan and Georgia plus relative oil companies. But in the TRACECA organizations there are a lot of countries from the Central Asia to the Baltic littoral states. Especially newly independent states after the disintegration of Soviet Union had wanted to sell their exporting issues without Moscow's control. European forces always need more secure trade to buy raw materials directly with exporter countries. Although USSR had been dissolved, many of the Russian leaders did not imagine giving up the energy and commodity rich ex-Soviet states. Eurasian Strategy of some Russian elites was aiming to set up newly Moscow-centred organization over these regions. According to this strategy, none of the ex-Soviet countries could find relations with others against Russian interests. The

main target of this policy was Atlantic powers. Nevertheless Russia never enjoyed Azerbaijani-Georgian settlement on building South Caucasian corridor. In this presentation, TRACECA is analyzed as a Eurasian organization not being seen as against Russian or another regional interest. Wherefore the regional countries have to participate and improve this organization. So that, this corridor will be the heartland of more prosperous and more peaceable Eurasian countries within RF which would be an important member.

New Russian Global Hegemony Policy: Eurasianism

Eurasia, as Europe and Asia, is the most important region of the world in the past and today. The common name of this region was “old world”. Because almost all big powers of the history were Asian, European or Eurasian (as Roman or Ottoman Empires in both continents) states. The USSR, one of the super powers of the Cold War era, was also a Eurasian state. By unexpected and sudden dissolution of the Soviet Union and Warsaw Pact, the Russian leaders have been exerting to defend RF (Russian Federation) against the next dissolution. Some Russians (liberals) were thinking in 89 different administrative units, it was impossible to make so much different ethnical, religious, sectarian or linguistic people live in one state system. But some others (new communists or radical nationalists) were thinking to establish another Russian Empire which would be more powerful than the USSR and Charist Empire while some others were contemplating on Eurasianist strategy. According to the last contemplation it is impossible to have a new Russian Empire as dominant as USSR but they have to get experience of ex-unsuccessful regimes and to organize another Moscow-centered system. It was also a survival strategy of Russian power and named as Eurasianism (It is also used as Eurasism).

Indeed Eurasianism was became a current issue of shortly after days of Bolshevik Revolution. In these years Charist Empire had been collapsed and civil war was going on in some regions. Within those circumstances, Eurasianism might be a kind of solution for everybody. Almost as in 1920s, after the Soviet Union there was a seeking for coming powerful Russia. A.Dugin was studying on a new Russian Strategy: Eurasianist (Eurasist) approach.¹ According to this strategy, Russia will establish dominant relations on all neighbour countries against Atlantic powers. The Moscow administration must use influence on not only ex Soviet but also all Asian and European countries. If any state may go against Russian eurasianist strategy that state must be oppressed by a lot of policies. He writes that Abkhazia must directly been depended on to RF and all ethnical regions' separatist movements from Georgia and Azerbaijan must be supported.²

According to Dugin, against globalization and Americanization, the mounting resistance is Eurosianism. “We contribute to it as much as we can, and we must rise to the vanguard of this process not only in Russia, as also across the world.”³ In this meaning Eurasianism brings an ideological foundation for post-Soviet imperialism. And there has not probably been another book on Euarsianist strategy in Russia during the post-communist period which has exerted an influence on Russian military, security forces, and statist foreign policy elites comparable to that Dugin's one.⁴

However, who write, study on and see Eurasianism as an only way for emancipation is not just Dugin. Before and after Dugin we see a lot of academicians, politicians and statist not only in Russia but also in Turkey, in Kazakhstan, Tatarstan and in other Eurasian era.⁵ In this presentation Eurasianism is not an imperialist strategy of one Eurasia country to use against another, but a common relation and cooperation background of this area. When we mention TRACECA as a Eurasian organization, this means all Asian and European states which participated in this project will be beneficial.

The Geopolitical Features of the South Caucasus

The Caucasus is one of the most involved and complex regions of the world. Placing at the center of the passageways of Asia-Europe and Russia-Middle East, the Caucasus has been a conflict area among global and regional states. In the history, we see almost all global sovereigns had passed away from this region for several



reasons. Also in the ancient ages, it had not only geo-strategic importance but also economic one. As the title of this conference “silk road” was one of a few most important trade routes of the world. And the Caucasus was nearly in the middle of this line.

As it is indicated, the strategical and geopolitical significance at the Caucasus are not only by its placement but more than that its position among Caspian Sea and Black Sea, by the way Central Asia and Eastern Europe, and so on. In this perspective South Caucasus is inseparable part of Black Sea region. Three South Caucasian states, Azerbaijan, Georgia and Armenia are Black Sea Economic Cooperation (BSEC) members. After the disintegration of USSR, Moscow organized Commonwealth of Independent States (CIS) over the ex-Soviet countries. While the CIS has been Russian-centered organization, BSEC has been accepted a Turkey axes initiative especially by Russian leaders. However Russia is a founder member of the BSEC as well as Greece. There are some unfounded speculations that the Aegean is the continuation of the Black Sea and likewise the Adriatic Sea is somewhat tied to the Aegean. This idea is rather irrational since the Aegean and the Adriatic are commonly accepted as branches of the Mediterranean. Yet, when Turkey insisted on Albania's and Azerbaijan's accession, Russia instead suggested Greece and Armenia. Although it might be considered that the accession of the last two states was not in the interests of Turkey, it was also apparent that Russia has been efficient in the politicization of economic relations.⁶ As a matter of fact, during the formation stage of BSEC, while Russia was undergoing difficult times, Turkey could have been considered too realistic to accept Russia's suggestion for Greece and Armenia to be included. The problems which have been realized at the foundation stages of BSEC, may be perceived TRACECA process especially on the membership Russian Federation.

In the relations among BSEC members, there are common interests as well as clashing ones. In the organization pursues a cautious policy so as to harmonize the clashing interests and create integration, BSEC will continue to be viable. The transport routes of the region's oil and natural gas to world markets have been the main causes of conflict up to recent times. Russia has adamantly insisted on the use of Novorossisk for the transport of Caspian oil and natural gas and argued against the Baku-Tbilisi-Ceyhan (BTC) pipeline. This was the major clashing interest within BSEC for quite some time. A similar policy of Russia may be observed with the Nabucco project as well as TRACECA. Russia will keep an eye on the economic and political progress in the ex-Soviet republics and consequently will try to prevent their efforts to leave its sphere of influence. Moscow politics must be against the attempts to create an international relations structure based on domination by developed Atlantic countries in the international community, under US leadership.⁷ In this context, Russia has entered into a natural and historic alliance with Iran. It might also be expected that the instability in and between the ex-Soviet states would persist and remain a threat to the regional and the world security. One of the most important examples is Azeri-Armenian conflict over Nogorno-Karabagh, and the other is Russian-Georgian battle. However under such an umbrella as BSEC, conflicts between Russia and these states can be avoided or any probable conflicts can be held under control. Moreover there is always a chance for addressing such conflicts through negotiation and cooperation. Yet TRACECA which would have Russian membership is an economic infrastructure project for political conflict resolution.

No doubt Russia did not welcome the realization of the South Caucasian Corridor which is going to bridge Azerbaijan, Georgia and Ukraine between Central Asia and Europe. This route, defined as the New Silk Road paradoxically loosens Moscow's dominance over the ex-Soviet republics. Likewise, it is probable that Greece would not be very pleased with Turkey's improving key position in BSEC. Moreover it is most likely that BSEC's progress will inevitably reduce the importance of the CIS. Nonetheless if the CIS is based on realistic principles, the organization is seen favorably by its members and if Russia does not use the organization for its own benefits, CIS members might start seeing benefits in the membership and the organization will last a long time. However, if membership is seen to offer more risks than benefits, the organization could fail. In the case of BSEC and the CIS, these two organizations should not be taken as intersecting but complementing and adjoining each other, just as in the case of EU and other neighboring organizations. Regional countries which

are members of both these will offer communication between countries those only members of one.

Nabucco pipeline project would also be important for the region, just as the BTC oil pipeline aided in the transportation of oil to world markets. These pipelines will certainly increase regional economic cooperation and contribute to regional peace and prosperity as well as offering vital relief for environmental concerns. Deprived of Russia's participation on a long-term basis expectations it is impossible for Nabucco to aid in regional peace and development. Accordingly, the attempts of Russian companies to join the project were welcomed by relevant countries. This improvement will give rise to a dispersed, collective and intense regional cooperation. All these realities are valid on TRACECA-Russian relations.

Georgia: Key State of the Corridor

As indicated above, Georgia is the key state of the region under the context of east-west relations after the Cold War era. It is not only for geo-strategic but also geo-politic necessities. In this respect, new Azerbaijani oil route which is out of Russian control may be the first attack. The Russian nationalists supposed that Georgian policy was excluding Russia from the Caspian oil and gas.⁸ But in my opinion, if there was a pro-Russian leader in Tbilisi in the 1990s, Russian Federation would have been disintegrated before 21st century. So that Georgian policy had a function of smoothing down against Moscow imperialistic past.

Development of Caspian oil and gas resources and export routes has been slowed by regional conflict, political instability, and lack of regional cooperation. Many of the feasible routes pass through areas where unsolved conflicts remain. The future of the Caucasus region has been determined by the pipelines passing through it. The western route for early oil was from Baku to Supsa. This Azerbaijani-Georgian route is also base item of the TRACECA. The 1999 natural gas discovery of Azerbaijan's Shah Deniz field appears to have boosted the region's natural gas export prospects. This field was being developed for export to Turkey and helped to renew international interest in the region's natural gas. Prior to 1997, the only option for exporting Caspian region natural gas, as oil of it, was via the Russian pipeline system.⁹

The proposed pipeline routes pass near several regions of Georgia that have been the site of separatist struggles, such as Abkhazia and South Ossetia. The so-called “western route” for Azerbaijan International Operating Company (AIOC)'s “early oil” has been pumped via Georgia. Specifically, oil has been flowed to Georgia's Black Sea ports of Supsa and Batumi. In 2005, ExxonMobil announced that it would begin sending oil by rail from its Azeri fields to the Black Sea port of Batumi. Since then, oil and refined product shipments have increased to 190,000 bbl/d in 2005 compared to levels of 134,000 bbl/d in 2004.

In 2001, Georgia and Azerbaijan cleared a major hurdle for implementation of their gas pipeline plan. The two countries' parliaments ratified the transit agreement in this issue. Construction of the Baku-Erzurum pipeline was scheduled to begin in late 2002, with the pipeline operational by the end of 2004. As oil production from the Caspian Sea region increased, the Caucasus region became an integral export route for oil and natural gas. By then, the only way for Caspian production to Europe was via Russian pipeline system. The US has supported the principle of multiple export options. These were BTC, South Caucasus Pipeline and Baku-Supsa. The US strategy may be relied on deactivation of Russia on its backyard, over near region powers, especially on ex-Soviet countries. So the success of these projects would end an almost century-old Russian stranglehold on the oil and gas resources of the Caspian region. The new pipelines are accepted to weaken the influence of Russia in the region and therefore these initiatives are regarded as hostile by the RF. So that against these developments Moscow might choose to cause more trouble in the South Caucasus. It has supported separatist movements and conflicts against Georgia and Azerbaijan.¹⁰ However a powerful Russian may be only possible by powerful neighbour countries. The Moscow-centred Russian administration which govern and control everything in the region will be doomed to disintegrate as in USSR end. But, none of those pipelines has passed through Armenia, however, this country is shorter than Georgian route for BTC. But the Armenian expansionist policy did not permit any cooperation in this issue. This hindrance is not only against cooperation between



Azerbaijan and Armenia but also for more comprehensive integration policies in the middle of Eurasian region.

When Russia used its position as the primary supplier for many countries in Central and Eastern Europe to influence political and economic developments, it has met one of the biggest confidence problems against customer countries. Azerbaijan holds vast oil and gas reserves in the Caspian Sea, which it exports to Georgia, Turkey and Europe by three pipelines. The EU imports 50% of the energy it consumes, of which about 45% of imported gas comes from Russia. The 2008 conflict between Russia and Georgia affected the traffic of the BTC pipeline and Baku-Tbilisi-Erzurum running from Azerbaijan through Georgia to Europe.

International Organizations after the Cold War Era

Since the end of the First World War, the number of international organizations increased around the world. By the collapse of Socialist System, the biggest and the most comprehensive one, UN, has increasingly been come under the influence of US. The 11th September attacks just gave to USA a gigantic occasion on this matter. Therefore, lawful and peaceful organizations had been more utopian. The need for development of this institutionalization in a justly and equivalently way, might been discussed. For a more peaceful world in the future, by the support, pressure and demand of “rich information societies”, necessity for these organizations' role is very important. In such a society's governance, thereby, there will be less dis-informational based foreign policies and more just and responsible implementations on relations with international actors.

After the Second World War, the number and influence of international organizations have been increased so much that international relations may be understood as international organizational relations in one respect. In this context it is interesting that, while the 1969 Vienna Convention applies only to treaties between States, the Vienna Convention on the Law of Treaties between international organizations of 1986 applies similar rules to them.¹¹ Throughout the Cold War era, not only both of Socialist and Capitalistic blocs but also neutral countries in Non-Alignment Movement had organized their effect and power by means of the international organizations. NATO, Warsaw Pact, EEC, COMECON, GATT, OECD, NAM were or are some important examples of these kind of organizations. Today's globalization conditions rely on international organizations to an important degree such as WTO, WB, and IMF.

Because of globalization of central power influence, developing or underdeveloped countries have rapidly engaged in international organizations for regional or functional necessities. Such reactionary organizations may be seen throughout the world. Also as a responsive motion against influence of US, big powers have been getting control on the international organizations in which they are only an equal member. As examples of this trend, Germany and France in the EU, Russian Federation in the CIS, and the Egypt in the Arab League may be accounted. While it is generally been waiting that in the new century the world will be more systematic, more organized, the relations will be more developed and increased, therefore international organizations will be more independent and more influential. However especially after the 11th September, the “nationalization of international organizations” has frequently been observed.

After above mentioned remarks, the question for the future may be that: Is it possible, because of the cloudiness of Middle Eastern movements' future, to come again the conditions of the aftermath of the First World War? When, all the belligerent governments during the war had attempted to control ideas as they did economic production. Freedom of thought, respected everywhere in Europe (for the time being in USA) for half a century, was discarded. Propaganda had become more effective than any government, however despotic, than ever been able to devise. No one had been allowed to sow doubt by raising any basic question.¹² These pessimistic outcomes might be accepted, in some degree, just after the terrorist attacks of 11th September. For today, nobody knows where the public rebellion will be end. Ex-Soviet or Socialistic states are in anxious suspense in this matter. As a consequence of that an integrating rising will be more useful in the Eurasian region for all.

As in the article of Wallerstein, the Putin has not been getting good press in the US or even Western Europe. He has been charged with being authoritarian, with attempting to recreate Russia's imperial control over its neighbors, and with reviving Cold War obstructionism in the United Nations. The International Olympic Committee (IOC) met on July 7, 2007 in Guatemala City to decide on the site of the Olympic Winter Games in 2014. Among three contenders, Sochi, a Russian city, arranged for Putin to come in person to argue its case. It was Putin's personal charisma that made this result. To be sure, victories in IOC decision-making may be gratifying and symbolic, but they are after all a secondary matter, reflecting rather than creating political influence. This is some Russianized of ICO, an independent international sportive, not political organization. So one must ask, is this the only place where Putin has been exercising his charisma? And the answer has to be no. There is first of all his internal political strength in Russia. Yes, he has upset a good portion of the intelligentsia, but there is every indication that he is quite popular with most Russians, unlike some other presidents of major states today. It seems that Russians see him as someone who has done much to restore the strength of the Russian Federation, after what they see as its humiliating deterioration during the Yeltsin era. In general, one person calls authoritarian tendencies another often calls the restitution of order. This is a conflict of interpretation that is widespread, even in the North Atlantic countries. Sarkozy has just recently profited from this double perspective. Even more important however are Putin's political accomplishments on the world scene. He has resisted, so far successfully, any and all attempts by the U.S. to obtain U.N. authorization of real punitive action against Iran, North Korea, and Sudan. He has held up any moving forward to independence for Kosovo. To be sure, Russia's positions have been China's positions on these questions, so Russia is not alone. But in the 1990s, such strong and so far effective Russian political stands were not thinkable. Then there are Russia's dealings with Europe. He has opposed U.S. plans to install anti-missile structures in Poland and the Czech Republic, and has gotten support for his stand from Western Europe. He has used control of gas and oil exports from Russia itself and from both Central Asian and Caucasian countries not only to obtain greater rent for Russia (and thereby greater world power), but more or less to impose his terms on energy issues on Western Europe. If a neutral referee were to assign points for Putin's actions on some scale of positive/negative consequences for Russia, I think a fair observer would have to say that Putin has done well as a geopolitical player.¹³ The problem of our study is that TRACECA is which part of this geopolitical plays.

Geopolitical Aspects of TRACECA

After the Cold War era which is symbolized by falling of the Berlin Wall, the EU has developed and supported number of multilateral infrastructure programmers for wider Eurasia. The Transport Corridor Europe-Caucasus-Asia (TRACECA), launched in 1993 to link the eight post Soviet countries of Central Asia and the Caucasus to Europe, has been developing transport alternatives on the East-West axis. With its EU-funded technical assistance, TRACECA has helped to attract international investments for vast transport infrastructure projects in the region.¹⁴

As a multinational transport system TRACECA has geopolitical and sophisticated importance in the Eurasian regions. The member countries are Georgia, Azerbaijan, Turkey, Ukraine, Moldova, Kazakhstan, Kyrgyzstan, Uzbekistan, Armenia, Bulgaria, Romania and Tajikistan. If we look at the map, there is an area of from the Central Asia, Caspian Sea, the Caucasus, and Black Sea to Europe. Indeed it was established in 1993 for the development of transport initiatives between EU, the Caucasus and the Central Asian countries. In the foundation years Romania and Bulgaria were not EU members. Therefore we can not see any EU member state in this list, because EU is the founder and main sponsor actor of this initiative.¹⁵

In different regions of the world there are many international organizations which could not have notable activity among the member states. I call such organizations as stillborn foundations. In respect of TRACECA, it had inherently had a remarkable efficiency also in the foundation years. Although Russia is not a member of this Eurasian organization; we think it will gain importance and usefulness of this membership.



As in the formal page of TRACECA “Owing to efforts of Heydar Aliyev in Azerbaijan there was held international forum for restoring and developing of Great Silk Route [TRACECA]oute, in which representatives of 42 countries of the world took participation, among whom were represented by presidents. As. H. Aliyev noticed at this forum on September, 1998: 'Baku summit will play its historical role in decision of cooperation, provision with peace, prosperity in every country and all Eurasian space.' The Main purpose of developing Great Silk Route are expressed in the following: Developing of trade-economic relations of the regional countries; Developing of transport connections of international transportation of trucks and passengers; Creation of propitious conditions for transit transportation; Acceleration of delivery terms and saving of transported truck; Harmonization of transport policy; Privileges on tariffs on transportation and collection of taxes; Coordination of relationships between different fields of transport; Tariff policy on international and internal tariffs on truck and passenger transportation; Development of the programs of coordinated actions for organization of multi-modal (combined) transportation.”¹⁶

At the heart of this corridor which extended from Kyrgyzstan to Sweden and UK, there is Georgia and Azerbaijani negotiation. The Permanent Secretariat of TRACECA was established in Baku in 2000. In the first instance, as above-mentioned, “early oil pipeline” for Azerbaijani oil had been constructed from Baku to Supsa, Georgia.¹⁷ This was not only a pipeline itself but a geopolitical message of the new term to Moscow administration after the Cold War era. The main purpose of this pipeline was not hostility against Russia but for real political necessity of the new era. This real politics have placed milestone role of Georgia and Azerbaijan at the center of Eurasia. However, not only Azerbaijan as in the Nogorno Karabagh conflict with Armenia but also Georgia in South Osetia and Abkhazia problem have been under political and military pressure of the RF. Nobody can say this pressure is irrelevant with Georgia-Azerbaijani agreement reputed against RF.

Conclusion

After the disintegration of the USSR, many Russians thought that without underdeveloped Asian and Caucasian state RF would be a more prosperous and untroubled country. But only in a few years RF came up against a new disintegration process. Separatist movements and conflicts inside of the Federation have been supported by newly founded or revised international or regional organizations. At least many Russians were regarding all political and integrational developments in neighboring regions as anti-Russian oriented plots. According to some Russian politicians or thinkers the only way for Russian emancipation from vanishing was “New Eurasianism Strategy”. On December 31, 1999 President Yeltsin announced that he was resigning from his post and handed over the powers of President to Prime Minister Putin. Since therefore Russia should enter the new millennium with new politicians, new faces, and new people who were intelligent, strong and energetic.¹⁸ That means, as a successor of ex-Super Power USSR, not only RF but also regional and global international politics should encounter new conditions and new strategies. 11th September gave a big opportunity to Russian leaders for new strategies against global powers and international organization.

However especially after the 11th September, 2001, the “nationalization of international organizations” has frequently been observed. Nevertheless by the Iraqi ill-success of USA will be an occasion for a new start on reorganization of international relations. Taking these facts into consideration, for a more peaceful world, international organizations must be more independent, active and effective as well as lawful and just in the new century. On this subject, the most dangerous factor, inherited from last century, is misinformation directed not only against domestic public opinion but also against world public opinion.

For a more peaceful world in the future, by the support, pressure and demand of “rich information societies”, necessity for these organizations' is obvious. Hence, in such a society's governance, there will be less dis-informational based foreign policies and more just and responsible implementations on relations with international actors. It is obviously known that if the streets are more lightened in the evenings, less crime will occur in such a city. This situation is directly related to information level of not only domestic societies but also

international society.

The problems which have been realized at the foundation stages of BSEC, may be perceived as TRACECA process. Nevertheless Russia is not a member of TRACECA in the developing stages of this project, dissatisfaction of Russia may be seen. However, as in the formation of BSEC and enlargement, Russia also adopted a more realistic attitude for TRACECA. I conclude that at the beginning of a new millennium, the human being, as main component not only of nation-state but also of international organizations, needs an international social contract. For an accredited and long life act, it necessitates enough and just information. As a result expected era's society may be named as international information society.

Notes

1. A. Dugin's translated to a lot of language book is, *Osnovi Geopolitiki: Geopoliticheskoe Budushchee Rossii*, Moscow, Arktogeya, 1997, 1999. My references are to the Turkish translation of *Rus Jeopolitiği ve Avrasyacı Yaklaşım* (Trans to Turkish: Vugar Imanov), 4. Baskı, İstanbul, Küre Yayınları, 2005.
2. Ibid., p.178-179.
3. A. Dugin, “Pan-Russian Social Movement Eurasia”, March 1, 2002, http://eurasia.com.ru/dugin0103_eng.html, 2011.03.13.
4. John B. Dunlop, “Aleksandr Dugin's Foundation of Geopolitics”, http://www.princeton.edu/lisd/publications/wp_russiaseries_dunlop.pdf, 2011, 03.13.
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Partnership in the Making since 1991: Black Sea and Caspian Security Concerns of Turkey and Georgia

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Abstract

Although the geopolitical and geostrategic edifice of the Caucasus had evolved considerably at the beginning of the 1990s, Turkey and Georgia were still two states who had not yet entered into a close relationship - despite being border neighbors. The moves intended for becoming partners nucleated when Caspian oil and gas transfer debates took the center stage well towards the second half of the 1990s. Although energy issues were the baseline for channeling the new partnership, other components of cooperation were later successfully tested on several fronts including, military assistance, ethnic disputes, and Georgia' partnership and their prospective implications on the wider regional dynamics shaping politics in the Caspian and Black Seas. The final analysis is that as long as the security equation in these two sub-regions remains, it goes without saying that the preoccupations of Turkey and Georgia will continue to hint at common policy perceptions.

1. Introduction

As the last watershed event of the past century, the end of the Cold War ushered new dynamics on the former Soviet zones. Two significant spots in this respect were two seas in Russia's south. The new process, i.e. regionalization, affected several areas in Europe, Caucasus and Central Asia, giving way to both ambiguous coalitions and clear groupings. The subject matter of this paper, Black Sea and Caspian Sea regions were a mirror image of both trends. Being formerly two border neighbors without any mutual strategic aims due to being on opposite camps for a long time, Turkey and Georgia embarked in an entirely new geopolitical environment whereby they discovered each other on several fronts as of 1990s, but more so after 2003.

Central to the two states' common agenda were energy development issues, burgeoning economic and trade links, security cooperation, and affirmative discourse concerning Euro-Atlantic integration. In this context, this paper examines the dynamics of the two states' partnership and their prospective implications on the wider regional dynamics shaping politics in the Black Sea and the Caspian basins. After an account on the emergence of the two basins as two important subregions, how Turkey and Georgia fit into these regions after 1991 shall be examined, to be followed by areas of cooperation; namely, energy issues, security issues, economic relations, transportation, and Euro-Atlantic integration of Georgia and the state of affairs after the war in August 2008. The main argument is that the emergence of the regional relationship schemes was not peculiar to only these two regions in the aftermath of the Cold War; and yet its implications were for Turkey and Georgia, since it rapidly translated itself into a strategic alliance level in such a short time-span as 15 years, something usually uncommon in international relations. The final analysis is that as long as the security equation in these two subregions remains, it goes without saying that the preoccupations of Turkey and Georgia will continue to hint at common policy perceptions, based on a cooperation discourse.



2. The Black Sea and the Caspian Sea after the Cold War

The Black Sea and its basin have traditionally been a locus of mostly competitive but also cooperative dynamics between its littoral states, the regional powers as well as outside powers. Influenced by Greek, Roman, Byzantine and Ottoman rule, it lent itself to limited interaction due to the inception of ideological barriers after World War II. During this period, the only littoral state in the Black Sea that belonged to the western camp was Turkey and the Black Sea basin was not subject to cooperative efforts of any kind until the end of the Cold War.

As a consequence, as if to match the scientific fact that almost 90 per cent of deep water in the Black Sea is anoxic, the levels of interaction between the littoral states did not pose a vivid picture at least until 1992, when the first palpable effort taken with a view to transforming the Black Sea basin into a meaningfully cooperative region came about with the proposal of the Black Sea Economic Cooperation (BSEC) during Turgut Özal administration. The emergence of the Black Sea as a region was only a part of the wider regionalization processes after 1991 which was not peculiar to this region only; but of course, the way it gave way to new paradoxes, cooperative and conflictual dynamics in and around its vicinity was unique to itself.

Just as in the case of other newly-emerged regions of the post-Cold War era, the Black Sea region -as a term- gave way to different connotations which denote different conglomeration of states. Throughout this study, the terms (wider) Black Sea region, Black Sea basin, and (wider) Black Sea area shall refer basically to Greece, Bulgaria, Romania, Moldova, Ukraine, Russia, Georgia, Armenia, Azerbaijan, following the depiction of the European Commission in 2007 regarding the region.¹

In such a short time span as twenty years, the Black Sea region was exposed to radical geopolitical transformations due to three important local/global developments: the end of the Cold War, the impact of 9/11 and the brief war of 08/08/2008. Since the first development, the Black Sea region has been a stage for both new enmities and amities. The current state of affairs, especially after the Georgian-Russian war, is still unfolding to confirm that the geopolitical edifice of the region is complex and challenging, with several actors inside and outside, their multiplicity of interests, their bilateral relations with each other as well as the influence of external powers as the USA, Russia, and Turkey.

The Caspian Sea also appeared as an epicenter in the evolving global geopolitics after the disintegration of the USSR. Although the sea was already the subject matter of established legal instruments which date back to as early as 1921 between Iran and the USSR, the discussions over whether it is a sea or lake have dominated the discourse of debates since 1991 due to the increase in the number of its littoral states. The debates have not been finalized although efforts in that direction do exist.

The reason that compelled the littoral states – Azerbaijan, Russia, Iran, Kazakhstan and Turkmenistan – has been to get the largest possible sector in the sea as a consequence of energy-driven motives which surfaced especially after the signing of the 'Contract of the Century' between Azerbaijan and an international consortium in 1994 that had implications not just for the littoral states but also the larger Caucasian hinterland of the sea. The primary concern here for the littoral states and the larger Eurasian region was “...seeking ways to be the masters of their own resources and to change the terms of their relationship with Moscow” as well as “open[ing] up to the international system” after the Cold War.² In this context, several significant legal documents regarding the status of the sea have been signed by Azerbaijan, Russia and Kazakhstan so far.

While energy was one indispensable factor that shaped the future of Caspian security parlance, the domestic political, social and economic developments in the former Soviet Union (FSU) republics as littoral states of the Caspian Sea also influenced the regional security milieu. Therefore, throughout the 1990s and 2000s, it was important that whether the changes in the process of state-building in these states would be aggressive or pluralist-oriented regimes in the ensuing years.³

The region was also implied in environmental debates regarding the transfer of energy resources from the Caspian via the Black Sea and the impacts of this on the Turkish Straits due to the high density of traffic which has been brought to decreased levels after the operationalization of Baku-Tbilisi-Ceyhan (BTC) pipeline in the mid-2000s.⁴ Another definitional issue about the Caspian basin that has come to forth after the collapse of the USSR was the future role to be played by external powers such as Russia which had the largest stretch of the sea during the Cold War, as well as those of the USA and Turkey.

2.1. How Does Turkey Fit in the post-Cold War Black Sea and Caspian basins?

Amidst the regionalization trend of the post-Cold War era, the Black Sea appeared as a new intersection point in the three major regional projects articulated by the major powers in global politics. These included Russia's Near Abroad Policy (NAP), the Greater Middle Eastern project of the USA, and the EU's European Neighborhood Policy (ENP), all including the Black Sea.⁵ Against this backdrop, it would be almost impossible to expect Turkey to remain on the sidelines regarding the Black Sea affairs and simply act with just an observer capacity. Accordingly, one of the six novel regional cooperative organizations formed after 1991 was brought to life as the BSEC⁶, spearheaded by Turkey, masterminded by a senior Turkish diplomat, Şükrü Elekdağ, during the Özal administration.

Turkey was no stranger to the Black Sea as it had been an Ottoman lake for a long period during the Ottoman Empire which translated itself into a Russian/Soviet zone of influence with the Cold War. Subsequently, Turkey devised the BSEC with primarily economic motives than political considerations initially. Two main objectives embedded in the creation of the BSEC were to design a leading role for Turkey to be followed by the FSU republics that are littoral states and secure other regional alternatives if the EU rejected Turkey once again which would be almost tantamount to totally closing the doors on Turkey. Such economy-driven cooperative scheme was furthered by strategic endeavors such as the Black Sea Naval Cooperation Task Group (BLACKSEAFOR) and the Black Sea Harmony Initiative and other local projects, aiming at transforming the region into peace-bound one.⁷

As the first most important effort, “the BSEC was the product of Turkey's post-Cold War, regionalist drive to locate itself at the center of the Black Sea region, in response to the pan-Europeanization of the regional political economy.”⁸ It is widely accepted that the organization was quite 'interesting' as it came in face of constant conflicts plaguing the bilateral relationships of member states: Turkey and Greece, Turkey and Armenia, Azerbaijan and Armenia, Moldova and Russia. In this sense, it was noteworthy that the cooperation efforts emanated from the region itself and not imposed or engineered from outside in essence.⁹ Some years ahead in its lifetime, at least well through late 1990s, the approaches of certain states such as Russia and Greece changed to signal affirmation of the significance of the BSEC when some distinctive regional issues came to forth in the political dynamics of the region.¹⁰

Since its inception as an organization, the BSEC has been successful at functioning as a platform to facilitate the economic transition of the economies of the FSU republics and influenced these states to attract foreign direct investment (FDI). During its chairmanship in 2007, Turkey preferred to underscore the following objectives in the short-term: promoting more internal reforms in the member states with the final goal of more liberalization in this sector, reinforcing BSEC-EU relations, and appealing to all littoral states to become participants of Black Sea Harmony.¹¹

Although the more pronounced driving motive was economic concerns, the strategic dimension in the BSEC could not go unnoticed. This came at a time when 9/11 attacks gave a new direction to world politics, and subsequent proposals in 2006 that NATO should be engaged in enhanced activities in the Black Sea, which were not welcome by Turkey and Russia. While the former was in favor of the maintenance of the status quo in the Black Sea as per the Montreux Convention; given the examples of friction between NATO and Russia over the Baltic states, Ukraine and Transcaucasian republics, the latter opposed increased US influence in the Black Sea.

Significantly however, the 2008 war in the Caucasus once again caused the US to show willingness to increase the NATO presence in the region. On the other hand, two extensions of Turkey's security concerns in the Black Sea have already been brought to pass as the BLACKSEAFOR in 2001 and the Black Sea Harmony in 2004.¹²

The most significant cooperative platform in the Black Sea after the Cold War was the BSEC on both economic and strategic fronts. Compared to its initial *lancement*, it has made some way towards reinforcing its organizational network between the member states and acknowledgment by the EU. The fact that it was spearheaded by Turkey is telling and exemplary of the role that Turkey assumed regarding Black Sea cooperation. Although most arguments point to a common conclusion that it could not develop a substantial institutional structure, it has started a process in which there is no going back.

Turkey's concerns about the Caspian Sea have commanded no less attention since the breakup of the USSR. Turkey's newly evolving interest towards the Caspian Sea has been substantially dictated by a combination of political, economic and environmental concerns. Although most of what has been written to date on the issue has tended to focus on the energy dimension as the primary concern for Turkey in the Caspian basin, other objectives required equal attention. Just as the starting momentum for a Black Sea cooperation framework was initially economic, that regarding the Caspian basin was more or less similar. However, some years ahead, it boiled down to encompass a broader agenda.

Substantially, the economic aspect of Turkey's interest towards the Caspian involved energy issues. Given the growing household and industrial demand for natural gas as well as the substantial gas infrastructure installed during the 1980s, Turkey was compelled to secure gas imports from as many secure sources as possible. Combined with the efforts of transferring energy resources from the Caspian Sea in the 1990s, Turkey found itself in comprehensive energy deals to carry gas from the Caspian to the West which fit best its energy needs. In this respect, the Baku-Tbilisi-Ceyhan (BTC) project spoke for itself as being the most important outcome of this process so far.

Turkey's Caspian Sea policies also involved environmental concerns which were political rather than economic. Expressly put, Turkey supported the BTC as it would decrease the tanker traffic through the Turkish Straits and the ecological risks this implied – which led to some tension with its northern neighbor, Russia. Consequently, the Burgas-Alexandropoulos pipeline was proposed as an alternative route, to carry gas to the West.

While still on Russian factor, it should be stated that Turkey minded a subtle balance between its policies towards the Caspian Sea and its relationship with Russia. It valued cooperation with Russia in spite of the serious divides in their policies towards the projected pipelines and increased NATO and US presence in the Black Sea, to cite two examples.¹³ Nevertheless, the two states' relations ended up dominated by pragmatic concerns which augmented the trade levels, improved tourism links, newly discovered business sectors such as construction, textile, and jewelry.

Just as Turkey's policy preferences regarding the Black Sea basin were put through a test after 1991, those concerning the Caspian also had to stand to challenges in view of economic, political and other interests. The question how Turkey explored the newly emerging geopolitics in these two basins pointed to a new relationship with a rather new partner in the northeast, Georgia -- and how Turkey and Georgia fit in the Black Sea and Caspian Sea politics in the new regionalization current.

3. How Does Georgia Fit in the post-Cold War Black Sea and Caspian basins?

Georgia's perceptions toward the Black Sea were also conditioned by political and economic concerns after the Cold War. In the wider foreign policy context, Georgia leaned towards Russia until 2004, seeing it as the guarantor of its security and future ally. However, there was also the perception that no major regional player would bring ultimate security to the Caucasus due to the longstanding inner conflicts of the region.

Accordingly, as a new security mechanism was produced, Georgian foreign policy witnessed a two-fold impact: 1) “an inner Caucasian dialogue [was] under way since security of no particular Caucasian country [could] be perceived separately from other Caucasian countries and 2) the importance of direct contacts with West [was] growing as they allow the Caucasian nations to avoid traditional rivalry between great regional powers and focus more on their own interests”.¹⁴

It was upon such background that Georgia tried to simultaneously improve its relations with immediate neighbors, regional players and great powers on an equal scale. Its Black Sea engagement was shaped following such an approach, maintaining the idea that the Black Sea should not be dominated by any certain state(s)' interests but should be viewed as a 'playing field' of all the regional countries. As such, the BSEC was acknowledged by Georgia as a platform in which all states were equally represented.¹⁵

Although there are occasional examples in the relevant literature stating that it is difficult to analyze the meaning of the Black Sea region for Georgia,¹⁶ in fact the country's policies towards the region have been given a clear contour that prioritizes regional stability. The foreign policy strategy document of Georgia for 2006 – 2009 period mentions that it is of utmost importance to counter regional threats by strengthening international participation and preventing new threats in the Black Sea. In this regard, the document lays out the solution of problems between Azerbaijan and Armenia as a prerequisite for future regional cooperation and seems to be eager to assume a role of 'connecting bridge' between these two states for dialogue. In this connection, active participation in the BSEC along with combating global terrorism, proliferation of mass destruction weapons, arms, human and drug trafficking as well as illegal migration are topics of concern for Georgia in regional security that includes the Black Sea. The Black Sea dimension of European and Euro-Atlantic structures is considered to be a topic to be devoted particular attention as it includes issues of direct interest for Georgia, such as democratic development, good governance and stable market economy.¹⁷

The second leg in Georgia's Black Sea perceptions is the economic motives. After long years of centralized economy which disrupted links with the West and South, the East-West transport corridor stood as the most important project for Georgia since it meant the country's full integration to world economy. Accordingly, through the Georgian perspective, the Transport Corridor Europe-Caucasus-Asia (TRACECA) and the development of pan-European transfer routes in which Georgia has a strategic location in the Black Sea zone of the Pan-European Transport Area (PETRA) has been prioritized right from the beginning.¹⁸

Georgia views economic growth, stable development, enhancing opportunities for Georgia's business and energy policies as inextricably linked with promoting regional projects which include the Black Sea region as well as the Caucasus. To this end, the major concern for the country is to reach qualitatively new levels of transnational projects for increasing employment levels and competitiveness.¹⁹

Combined, the above considerations point out to an established awareness on the part of Georgian policymakers that the Black Sea, as the immediate vicinity of the country, stands as an area that promises more cooperative than conflictual dynamics for the littoral states. Notwithstanding, the picture posed after the August 2008 war had an undeniable impact on the relationship between Georgia and Russia on many fronts, including the overall cooperation efforts which also cover the Black Sea region.

If the Black Sea region was one important foreign policy issue, the Caspian Sea issues were no less important for Georgia. The main reason for this was that the emerging energy politics in the Caspian basin coincided a time when Georgian foreign policy sought to foster Georgia's position in regional affairs. The global energy companies soon discovered the potential of the region to carry oil and gas to the West, which subsequently had a complimentary effect on Georgia: the country had a favorable location as a transit state.

As emerging energy policies grew ripe, the factors that elevated the role of Georgia in Caspian energy politics became clearer:

- “(1)Transporting oil south to the Persian Gulf through Iran was unacceptable due to the US government restrictions on US companies doing business with Iranian companies,
- (2)Relying solely on an existing oil pipeline traveling north through Russia would have given Moscow a monopoly on Caspian oil transport,
- (3)Building a main export pipeline (MEP) through Turkey to handle large amounts of Caspian oil promised to be a long and expensive ordeal,
- (4)Transporting oil through Georgia presented fewer risks than existing or potential pipelines transiting hotbeds of ethnic tension in Chechnya, Nagorno-Karabagh, and eastern Turkey”.²⁰

These factors were further reinforced by the fact that Georgia did not have a serious bilateral conflict with any of the other south Caucasian states, unlike Azerbaijan and Armenia did. However, the blooming positive prospect for Georgia in respect to its Caspian position, which was confirmed after 1995 following the signing of the Contract of the Century between Azerbaijan and a western consortium, eventually made the country a target for Russia which wanted to retain its former influence in the region, not to mention the hostile attitude about being excluded from the emerging energy politics in the Caspian.²¹ In similar vein, affirmative arguments have maintained that Georgia was the worst and clearest example of Russia's involvement in its Near Abroad Policy (NAP).²²

Since mid-1990s, hypothetical estimates predicted Georgia to be the potential disadvantaged party in the Caspian energy politics in case of a possible ethnic conflict regarding Abkhazia and/or South Ossetia. The only major development that posed a serious risk to the uninterrupted flow of oil and gas from the Caspian was the August 2008 war; and contrary to common fears, it did not have a major impact on energy transfer so far.²³ As things stand, the role of Georgia as the main energy transit state seems likely to remain despite constant disputes with Russia.

4. Blooming Partnership: Turkey and Georgia

4.1. Energy Cooperation

An amalgam of factors structured the future course of relations between Turkey and Georgia amidst the new geopolitical environment. In fact, Turkish foreign policy did not devote much attention to Georgia in early 1990s. The policy parlance regarding Georgia at best reflected Turkey's overall concerns regarding the consolidation of the independences of the FSU republics, which included Georgia, and supporting their territorial integrity.²⁴ While there was not much pronounced emphasis in the foreign policy rhetoric about Georgia, the military distinctly saw the country as a buffer zone with Russia and a strategic point for Turkey's options to reach out to Azerbaijan and Central Asia.²⁵ Nevertheless, the starter that remarkably transformed the dim relationship into an enhanced partnership was energy development issues after mid-1990s. Put differently, had it not been for the energy development cooperation, bilateral relations would not have been at current levels.

The anchor in Turkish-Georgian relations in both the Black Sea and Caspian Sea contexts was the energy factor. When it became clear that Caspian energy resources would be exported to the West; Iranian and Russian route options were ruled out since they implied Iranian, Russian and Armenian control over the strategic energy routes, which led to increased emphasis on the western routes that included Turkey, Georgia and Azerbaijan, by-passing Armenia despite the long distances the route entailed. Subsequently, the Turkish decision-makers supported the Baku-Supsa route for early oil flow, seeing it as an elementary step towards the BTC pipeline.²⁶

From the Turkish perspective, the BTC meant increased revenues and employment opportunities for

the engineering and construction sectors in Turkey, transit fees for the state budget, increased prospects for Azerbaijan to purchase more Turkish products, and meeting the increasing oil demand in Turkey from a viable route. For Georgia, the BTC would function as a substantial means to strengthen independence, boost the economy with transit fees as well as fostering its position in the region and aligning itself closer with the West.²⁷

Since the operationalization of the pipeline, Georgia has by and large benefited from the project. There were certain assumptions that Georgia would one day suffer from the so-called 'Dutch Disease' which plagued the countries that preferred to focus predominantly on raw material sector which leads to the revaluation of national currency, growth of export prices and decrease in import prices, a phenomenon named after a similar situation experienced in the Netherlands following the discovery of sizeable gas reserves in the 1960s.²⁸ The interlocutors of this hypothesis pointed out to some indications in the Georgian economy showing such signs,²⁹ arguing the main reason for these signs was the BTC pipeline. Nevertheless, even if such an assumption was verified, it should be borne in mind that Georgia's economy has made progress compared to pre-BTC times, with its losses and benefits.

The energy dimension of the cooperation involves electricity purchase as well. Turkey and Georgia currently have an electricity trade of 70 – 80 MW and with a 2010 agreement, this level is planned to be expanded up to 1,000 MW by the year 2015. On the other hand, the two states have come to an agreement to build three hydroelectric power plants located on River Paravani. If the intended schedule works out the way it is planned, the power plants will be completed by 2015.³⁰

So far, the energy pier of this relationship has brought mutual benefits to both states and fostered their position in the Black Sea and Caspian Sea contexts as strategic partners. However, the flourishing collaboration also gave way to the emergence of certain rivals against the BTC: For instance, Iran, in cooperation with Russia, negotiated with Armenia and India for building an alternative route. Similarly, new projects were proposed for the energy demands of Egypt, Greece and Cyprus. Such routes aim at carrying oil from the Middle East, via the Mediterranean Sea and Cyprus to Greece and the Balkans.³¹

Unarguably, the BTC qualified as the concrete outcome of Turkish-Georgian partnership in the Caspian context. And yet, it was not the only one. As mutual geopolitical agendas were shaped, they worked to enlarge the scope of the new bilateral relationship, bearing implications for the Black Sea and Caspian basins. One of them was trade and finance which has indicated a steady rise since 1991.

4.2. Trade and Finance

Trade between the two states initially worked at the level of the so-called 'suitcase trade' in early 1990s. Georgia, as a natural consequence of geographical proximity, turned towards Turkey for strengthening its liberal market. The trade volume which was \$17,9 million in 1992 has reached \$1,059 million by 2010. Georgia's main exports are iron metals, copper and scrap metals and gold. Its main imports are oil and gas, automotive, and pharmaceutical products. Turkey is at the top in Georgia's export and import list. The legal framework of trade relations have been developed in 1992 with the Agreement on Trade and Economic Cooperation, and was followed by other relevant agreements such the Agreement on the Prevention of Double Taxation and Free Trade Agreement in 2007.³²

Turkey-Georgia Business Council started functioning in 1992 and has held several meetings to date. Joint Economic Commission has also been carrying out scheduled meetings starting in 1997. By 2008, the number of Turkish firms in Georgia was over 100.³³ However, the underdeveloped banking system in Georgia and inadequate banking legislation are among the ongoing shortcomings slowing down trade activities, something also common in almost every formerly Communist states. With a view to improving the economic relations, the Central Bank of Turkey stated back in the 1990s that banking system should be improved for accurate flow of information and communication in this trade and financial sectors. The banking transactions

between two states were given a start with correspondence relations between Turkish Halk Bank and Morbank-Batumi, Commercial Bank of Eurasia-Tbilisi, and TBC Bank-Tbilisi. Ziraat Bank also has branch in Tbilisi.³⁴

The trade levels have been indicating a steady rise since 1992, and particularly after 2003. However, the need for taking them to further levels is obvious. The renewal of Sarp Border Gate will enable facilitated passage of goods and people, which will make trade activities easier than before as it will allow for only one control at the gate, which resembles the French-Swiss border gate practices. The trade levels are expected to increase when this is put into effect.³⁵

4.3. Security and Military Cooperation

The reasons that led Georgia to give particular impetus to security reinforcement are directly linked with the perceived threat from Russia, the need to secure territorial integrity in face of internal conflicts in the country and in its immediate vicinity, the willingness to align itself with the US-led NATO and in this connection with Turkey as the major regional actor, and as a natural extension of its increased role in energy issues. Read together, these motives fit well with the promotion of a strong security relationship in both the Black Sea and Caspian Sea basins.

A stronger and secure Georgia also fits the US interests, in the context of which the US allocated around \$20 million per annum for the modernization of Georgian border troops since 1997. As the state that has been extending considerable assistance and support to Georgian military, Turkey signed an agreement with Georgia for the modernization of Marneuli Military Airport in October 2000. The airport was opened in January 2001. In the same month, the two states signed Defense Industry Cooperation Agreement which covers an array of issues ranging from weapon production to purchase of helicopters, in addition to assistance to Georgian army in its participation in the Partnership for Peace (PfP) program since 1997.³⁶ Turkey gave military assistance to 11th Motorized Unit, Kojori (Gocoli) Military Training Center, Lilo Military Training Center, Marneuli Military Airport, and Military Academia. The military assistance reached \$5,5 million in 1998, \$2,6 million in 1999, \$4 million in 1999, and \$2,5 million in 2001. The decrease in the amount of assistance in 2001 was due to the economic crisis in Turkey.

As Turkish-Georgian military cooperation intensified, Georgia left the CIS Collective Security Agreement in April 1999. However, the Putin administration signed separate security agreements with Georgia (and Azerbaijan) with a view to keeping the two states in its sphere in the Caucasus and not to let NATO troops be deployed at the bases it evacuated in Georgia. In the aftermath of 9/11 attacks, military cooperation between Turkey and Georgia was taken further following negotiations between former FM İsmail Cem and his counterpart Irakli Menagarishvili in Ankara in October 2001. The outcome of these negotiations came in the form of two decisions; the two states agreed to cooperate on security matters through collaboration between Turkey, US, Georgia and Turkey, Georgia and Azerbaijan.³⁷

The improving military relations was a necessity following the 9/11 attacks in the US and US inclination to strengthen military links with cooperative states in the Black Sea and Caspian basins. Affirming such a point of view, Turkey and Georgia agreed to sign a protocol on holding joint military program in 2004, with a prospect of Turkey to give \$3-4 million military assistance to Georgia's defense expenditure in the same year. In such a positive military relationship context, the Georgian officials stated that whatever government came to power, Turkey and Georgia would remain on good terms and there would be no change in good military relations.³⁸ Most recently, the mutual cooperation was confirmed at the International Defense Industry Fair (IDEF) 2011 arms exhibition in İstanbul by Turkish Defense Minister Vecdi Gönül and his counterpart Bacho Akhalaya.³⁹

The high level of military cooperation between Turkey and Georgia came as a consequence of the changing realities of the Black Sea and Caspian Sea regions. The main reason that drove Georgia towards Turkey

was the fact that Turkey was the major NATO member in both regions and military cooperation with Turkey fit its future concerns to foster its independent statehood in the coming years. Second, Turkey gave open support to Georgia's territorial integrity since its independence as a natural consequence of the main principles of its foreign policy which attaches utmost importance to the issue. Third, since military cooperation is a substantial means to build confidence in bilateral relations, it was explored to the highest extent possible. Fourth, it was promoted by the US and bolstered even more after 2001. Finally, the high levels of military cooperation were also aimed at fortifying Georgia's territory where the BTC was planned to pass.

4.4. Transportation

Enhanced relations gave way to the need to increase the means of transportation and communication between the two states. Currently, ground transportation between Turkey and Georgia functions through two border gates: Sarp and Türkgözü in Artvin and Ardahan, respectively. The third border gate Çıldır-Aktaş is reportedly almost completed and is scheduled to be opened in 2011. It is expected to boost mutual trade volumes once it is opened. The railway connection between Turkey and Georgia will be established once the Kars-Tbilisi Railway project is finalized by 2012. Within the first year of its completion, the railway is estimated to carry 1,500 thousand passengers and approximately 3 million tons of commodities per year. By 2034, it is expected to carry 3,500 thousand passengers and 16 million tons of commodities.⁴⁰ On the other hand, the Batumi airport is jointly used by the two states since its opening in 2008. Improved transportation links are indicative of enhanced cooperation and hint at more opportunities in the economic sphere for both states and their vicinities.

4.5. Euro-Atlantic Integration

Georgia's relations with the EU began in 1992 and gained new acceleration after the new government took power in 2003. By 1999, the Partnership and Cooperation Agreement (PCA) had already been signed between Georgia and EU, to be followed in 2006 by the endorsement of the ENP which regulates the implementation of the PCA. In addition, a National Indicative Program (NIP) was agreed to, which lays out the prioritized issues in Georgia-EU relations. In this context, the EU has not only been offering certain thematic improvement programs in Georgia but also extended a considerable amount of humanitarian aid for the people who were affected by the war in August 2008 in Georgia. The EU has shown its willingness to be more engaged by holding an international donor's conference in Brussels and the deployment of a civilian monitoring mission in October 2008 in Georgia.⁴¹

The fact that the EU stepped up its efforts since 2003 to be more engaged in Georgia's affairs can be explained by the inclusion of Romania and Bulgaria which made the EU border the Black Sea, which it did not before. If the new political environment in Georgia following the Rose revolution in 2003 was one test for the EU to increase its role in mostly reconstruction activities, the August 2008 war was even more so, given the actual war condition and the urgent need to eliminate it. Read together, these compelled the EU to be an influential actor since 2003 in Georgia's affairs; while simultaneously minding the subtle balance with Russia.

Viewed both through the bilateral context and Black Sea and Caspian contexts, Turkey has been fully supportive of improved links between Georgia and the EU as it considers it as an integral component of the wider Black Sea and Caspian basin security framework. An integrated Georgia would not only be a bridge between the EU and the region but also constitute an example of how ENP can be optimally realized.

Georgia's links with NATO were established when the country began to participate in the PfP program that sought to engage the formerly Communist states into the NATO structure. Since then, Georgian military has cooperated with NATO on peace operations in Kosovo between 1999 and 2008 as well as in Kabul. Georgia stands as one of the largest contributors to the ISAF with around 950 military personnel. The Partnership Action Plan on Terrorism (PAP-T) and Operation Active Endeavor are two other platforms that Georgia takes part in

NATO activities. While the former is aimed at fighting against terrorism which involves sharing intelligence, the latter is a similar anti-terrorist operation platform focusing on the Mediterranean Sea.⁴²

Accordingly, Turkey has expressed its will to see Georgia fully integrated in NATO right from the beginning of Georgia's NATO bid process. For Turkey, the inclusion of Georgia in the NATO structures forms an undeniable necessity for the country's mature political development, not to mention the positive impact it would have on the wider Black Sea and Caspian politics. To date, Turkey has collaborated with Georgia on several fronts under the NATO framework and all efforts have proved to be success-bound. Despite occasional criticisms that the US has been using Turkey as a proxy to draw Georgia closer to NATO, in the Black Sea, Caspian Sea (and also Caucasian) security aspects in order not to antagonize Russia, Turkey has so far fulfilled its role quite effectively. Conscious of the fact that military cooperation inspires confidence, Turkey and Georgia are likely to further their NATO cooperation, especially in the political environment after August 2008 war.

5. 08.08.2008 and its Aftermath

The war in Georgia in August 2008 was the most dangerous incident for Black Sea and Caspian Sea security in terms of showing to what extent local ethnic conflicts might escalate to threaten regional security. To remember the pre-war Turkish support to Georgia; Turkey gave political, economic and military support to Georgia since the independence of the country and especially after 2003. During the freezing winter of 2007-2008 when Russia suspended gas deliveries to Georgia, Turkey allocated its own gas share coming from the Shah Deniz gas field to Georgia. In the immediate aftermath of the war, Turkey extended humanitarian aid to Georgia.⁴³ Amidst the chaos that started on 8 August 2008, Turkish diplomacy was put through a test because of the simultaneously enhanced relations with Russia. Although initially the Turkish Foreign Ministry called for an end to the fighting, which upset the Georgian administration, the next day, PM Erdoğan reiterated the same will and called for respecting Georgia's territorial integrity. When Russia announced a ceasefire on 12 August, Turkey welcomed this new development and announced a new initiative named the Caucasus Stability and Cooperation Platform.⁴⁴

This war was a very important turning-point in the post-Cold War geopolitics in the wider Black Sea and Caspian Sea regions for laying out the interplay between the actors of the region. Not surprisingly, Turkey's support for Georgia was confirmed as their partnership dynamics laid out above stipulated. Beyond that however, it showed how far Turkey would go, i.e., with individual initiatives, such as calling for a stability platform to cover the Caucasus. While the Caucasian proposal was challenged on several aspects because of existence of ethnic conflicts which are difficult to solve, reportedly it came as 'a surprise' to the US Department of State Deputy Undersecretary Matt Bryza who said that he was not informed of such an initiative in advance and that Turkey and the US had mutual interests in the Caucasus—indicating an indirect rebuke at the development.⁴⁵ On the other hand, the proposal was well received in Georgia, while the Russian decision-makers did not prove to be much enthusiastic about it, thinking that there was no need for another regional cooperation platform in the region.⁴⁶

On the one hand, the war and the subsequent Caucasian proposal from Turkey affirmed the nature of the partnership between Turkey and Georgia. On the other hand, it brought up the question whether this proposal could survive and then flourish in the presence of protracted ethnic conflicts in the region. As one scholar has pointed out, for a meaningful cooperation scheme to flourish after the August 2008 war in the wider Black Sea (and Caspian) basin, three dimensions should be given due consideration: normative, definitional and institutional. That is, a widely-agreed concept of Black Sea (and Caspian Sea) security should be developed and boosted with a legally binding document; a comprehensive approach should be developed to replace the military security-focused agenda in the region; and options of institutional models should be explored to encourage the security agenda (whether to strengthen existing institutions such as the BSEC or create new ones).⁴⁷

6. Concluding Remarks

The course of action taken by Turkey and Georgia in the Black Sea and Caspian Sea basin realms so far have been conditioned by complementary, cooperative and prudential steps. As laid out above, ample piers of relationship make it clear that their policy options and choices have been convergent on several themes. Why this has been the case owes much to the need to secure energy routes since mid-1990s, which was also fed by economic, military and other topics already mentioned.

Just as it would be wrong to argue that the partnership is in its infancy, it would also be wrong to maintain the current levels reached are enough progress. On the contrary, the need to further the ties will retain its importance in the light of the deepened divides between the stakeholders in the wider hinterland of the two basins. The capabilities of the EU as the new actor in the two basins remain to be tested following the war in August 2008. Russia as the all-time major actor should not be expected to introduce major shifts in its policy towards the two basins. The US would keep its policy lines of moving with energy-driven motives, and related with this, to show a keen interest in pulling the regional states closer to itself.

The most serious danger to a favorable milieu in the region might come as a renewed crisis over protracted ethnic disputes such as Nagorno-Karabakh and how Turkey and Georgia would contribute to the security and stability in the region in such a scenario. The input record so far by the two states can lead us to maintain that they will advocate the preservation of their credibility as reliable partners. For Turkey, the most challenging would most probably be its vulnerability as the major NATO member on the frontline, which would bear the consequences of any crisis.

The rapid rapprochement between Turkey and Georgia has already passed the elementary stages and in a quite short time has acquired a pace which can be described as rare in international relations. As two new partners and stakeholders in two important basins, in the short- and medium-terms they can be expected to consolidate their multilayered cooperation both during stability and crisis times.

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State Policies towards Roma (Gypsies) in Black Sea Region

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Abstract

In proposed paper we will present, compare and analyze the state policies towards Roma in the Black Sea region. In the Black Sea countries for centuries are living in different Roma communities (in this case Roma used as summarizing cover name). Over the past two decades the topic of Roma and their numerous problems is one of the most topical in Europe. In the process of joining the European Union one of the conditions which the Union poses to the countries applying for EU membership was solving the numerous problems of Roma population. These problems lead to tensions, which create ethnic, religious and social conflicts, undermine the security and stability. This is the main reason why in some countries an active state policy towards Roma is implemented (Bulgaria and Romania), other countries who have hopes for EU future are prepared relevant state documents, without starting of specific actions (Ukraine and Moldova), third (Turkey) are currently taking action in direction of developing of policy for Roma inclusion. In other countries of the Black and Caspian Sea region (Georgia, Armenia, Azerbaijan), for which European integration is still a question of the future, the topic of Roma is not yet on the agenda, but if they continue on their way to the Europe, it will inevitably become increasingly relevant.

In the Black Sea countries since centuries live different Roma communities. In our article the designation Roma is used in its political sense, as stated in official documents of the European Commission, and namely:

“The Commission uses 'Roma' as an umbrella term that includes groups of people who share similar cultural characteristics and a history of segregation in European societies, such as the Roma (who mainly live in Central and Eastern Europe and the Balkans), Sinti, Travellers, Kalé, etc.

The Commission is aware that the extension of the term 'Roma' to all these groups is contentious, and it has no intention to 'assimilate' the members of these other groups to the Roma themselves in cultural terms.”¹

In various countries of the Black Sea, the communities summarizing designated as 'Roma' are called by their surrounding population in different ways, e.g. 'Цигани', 'Цыгане', 'Ћигани', 'Τσιγγάνων', 'Çingeneler', 'Boşa/Poşa', 'Qaraçılar', etc. Roma themselves are not a homogenous community, but heterogeneous entity comprising segmented communities with different hierarchically structured identities, who are not only speaking very different dialects of their language, but some parts of them have another, non-Romani mother tongues (e.g. Armenian, Arabic, Turkish, Tatar, Greek, Romanian, etc.).

Generally speaking, in the Black Sea countries the Roma communities are divided into three main divisions, which are designated as 'Dom' - 'Lom' - 'Rom'. Representatives of the first subdivision (Dom) live in Turkey and Azerbaijan, of the second (Lom) in Turkey, Armenia and Georgia, and the third, the biggest and for Europe the most important division, with self-appellation Roma (i.e. the Roma themselves, or real Roma), is widely dispersed all around the world. In the countries of Black Sea region Roma live in Turkey, Greece, Bulgaria,



Romania, Moldova, Ukraine, Russian Federation and Georgia. Within these main divisions exist more or less closed endogamous groups and meta-group unions, often each with their own additional self-appellation.²

There are not precise data about the exact number of Roma communities living in the Black Sea region. The reason for this situation is the lack of adequate methodologies for counting them, including lack of clarity “Who are Roma?” (or who are “Цыгане”, “Çingeneler”, “Boşa/Поша”, or any others equivalent denomination, that are used in individual countries).

The main problem is actually in lack of clarification which communities should be included in this category and how they should be counted in the census. Without resolving this issue all censuses data and statistics remain open to serious doubts. The difficulties come often from discrepancy between self-designation and designation by the others. It should be kept in mind that for large parts of the communities, defined by their surrounding populations as Roma (actually by surrounding population various other names are used, such as the mentioned above Цыгане, Çingeneler, Boşa, etc.), characteristic and typical is a phenomenon of “preferred ethnic identity”, i.e. phenomenon of publicly declared or even actually experienced another non-Roma identity. Other part are used to hide their identity from one or other reason (often because of past and present experience of discrimination and repressions) and prefer to entry in the census questioners another, different from their own, identity.³ Others prefer to use their own group's appellation and self-identify themselves only with their own subdivision and not with Roma community as a whole. All this make collecting of relevant data about the exact number of Roma communities living in given individual country extremely difficult and that is the reason why usually when speaking or writing about their numbers not only statistical data, but also various expert estimations are pointed.

In any case, the number of Roma in the Black Sea countries is significant, and their distribution across the countries is different, as seen from the table:

Countries	Official number (last census)	Minimum estimate	Maximum estimate
Bulgaria	370 908 (2001)	700.000	800.000
Greece	No data available	180.000	350.000
Romania	535 140 (2002)	1.200.000	2.500.000
Armenia	No data available	2.000	2.000
Azerbaijan	No data available	2.000	2.000
Moldova	12 280 (2004)	15.000	200.000
Russian Federation	182 617 (2002)	450.000	1.200.000
Turkey	4 656 (1945)	500.000	5.000.000
Ukraine	47 917 (2001)	120.000	400.000

Resource: Table elaborated on the basis of Council of Europe's data.⁴

The figures from this table should be taken only as indicative, and some estimates (especially estimations of some Roma activists) are definitely overstated. Despite all these precautions, the official as well as estimated data clearly show, that the proportion of Roma population in the Black Sea region is relatively very high and can vary between 5-10% from total population, as is the case with Bulgaria and Romania, or to be less than 5% in case of Turkey and Greece, or even less than 1% in case of Republic of Moldova, Ukraine, Russian Federation, Georgia, Armenia and Azerbaijan.

The arrival of the ancestors of the Roma communities in the Black Sea region is dated by historians only approximately, because of the lack of enough reliable written sources, and is pointed between the 9th -11th century. What is certain however is that from the 12th -14th century onwards they are already steadily accommodated in these areas (in particular in Transcaucasia, Asia Minor and the Balkans). Centuries long coexistence of Roma communities with local people led to their full integration among the local population

and to establishing of sustainable patterns of coexistence. Their full integration however is not as equal part of the general population in respective countries, but as second, or even third class citizens.⁵ The lower status of Roma population in the Black sea region countries was and is not reflected in their juridical status – de-jure they were since the times of Ottoman and Russian Empire full-fledged citizens, with only one exception of Principalities of Wallachia and Moldova, where they were included in the category of 'slaves'.⁶

Along with all this during the centuries lasting social stereotypes of Roma communities were formed, which are not outspoken negative, but rather revealing a dismissive attitude towards them as “inferior” ethno-social and ethno-cultural category. In other words, Roma are usually perceived by the surrounding population in the entire Black Sea region not so much as a “foreign” population, but rather as the “others”, as a community which does not create particular problems, at least until it “knows its place” and does not aspire for actual equality. Generally said the pattern of coexistence is rather to “live side by side”, but in no case “living together”. This traditional attitude has been dominating for centuries, it has been preserved in the modern era too in the process of formation of the new ethno-national states, and in many ways, including nowadays, is still leading.

At first glance, such an traditional attitude towards the Roma community does not presuppose that they are or can be a source of ethnic conflicts and serious threat to stability in the Black Sea region. But the history shows that in crisis situations Roma communities often become a kind of “scapegoat” and may be subject to ethnically motivated violence. Such development is possible also today. Profound illustration of this is the situation in Central and South-Eastern Europe, where after the fall of communist regimes in 1989-1990 severe socio-economic crisis started. The period of transition to democracy and market economy in the countries of the former “socialist camp” was extremely hard for large segments of the population in these countries, and reflected particularly acute on the Roma communities, who were the first who lose not only they working places, but also other elements of social security. In the countries, which undergone process of dissolution, and namely countries of former USSR, Czechoslovakia and Yugoslavia appeared even problems with their citizenship and lack of respective Identity Documents. In regions of wars, and especially in former Yugoslavian Republics of Bosnia and Kosovo, many of Roma became victims of ethnic violence and were turned into refugees or internally displaced persons.⁷

Social and economic problems and associated with them exacerbated inter-ethnic relations in various countries of Central and South-Eastern Europe nearly everywhere led to massive anti-Roma public attitudes, which in many cases turned into ethnic conflicts in which Roma communities are the injured party. The best known in this regard were two waves of series of pogroms against Roma neighborhoods in different regions of Romania conducted during the periods 1990-1992 and 1993-1995. Together with this emerged and rapidly developed various nationalist and skinheads' movements that carried out sporadic attacks against Roma in the Czech Republic and Slovakia, and in recently also series of ethnically motivated killings, committed by members of the nationalistic “Magyar Garda” in Hungary, which received widespread media coverage.

Mass violations of human rights of Roma and worsening of overall public attitudes towards them combined with difficulties in socio-economic situation of large parts of Roma communities in Central and South-Eastern Europe and ongoing processes of asylum seeking, migration and labour mobility, led to requirement for solving of the so-called “Roma problems” into one of the key issues for the region. Therefore, in the process of EU accession (or by expressed desire for such accession) of most of these countries, addressing the problems of Roma was and still is one of the key conditions that they had to accommodate on the way toward Euro integration.

As a consequence of these requirements particularly in the Black Sea countries (Bulgaria and Romania) the respective states took an active policy towards integration of their Roma inhabitants.

In Bulgaria in 1999, the Government accepted a Framework Programme for Equal Integration of Roma into Bulgarian society, which was prepared by a group of more than 40 Roma organizations, led by the Roma

organisation “Human Rights Project”. Bulgarian gradually created institutional structures for implementation of this Framework program – firstly the “National Council on Ethnic and Demographic Issues”, renamed later to the “National Council for Cooperation on ethical and demographic questions”, that should work in close liaison with the especially created “Directorate for Ethnic and Demographic Issues” at the Council of Ministers.

In Romania in 2001 similar program was prepared by Western consultants. The model of preparing of such documents by foreign experts is widely used in the region, it was proposed also to Bulgaria, but was not accepted by the Roma organizations there, who decide to take this responsibility in own hands. This, prepared for Romania, program was adopted under the title “Strategy of the Romanian Government for improvement of the situation of Roma”, and Roma political parties and NGOs signed with the State an agreement for cooperation in its implementation. For this purpose, the “National Roma Office” was established with 42 branches in different administrative districts, which in 2004 was converted into a “National Roma Agency” at the Council of Ministers.

Together with the negotiations for accession to the European Union a tendency to coordinate the efforts of individual countries in Central and South-eastern Europe for solving the problems of Roma in the region and for their overall social integration has been born. It's about the initiative of the network the Open Society Foundations and the World Bank to endorse the solution of the Roma issues into priority task in selected countries of Central and South-Eastern Europe in the process of their European integration. After a series of preliminary meetings on 02.02.2005 in Sofia, the capital of Bulgaria, the governments of Hungary, the Czech Republic, Slovakia, Bulgaria, Romania, Hungary, Macedonia, Croatia, Serbia and Montenegro signed the Declaration, which announced the beginning of the “Decade of Roma Inclusion (2005 -2015)”.⁸

According the initial idea the “Decade of Roma Inclusion” is a general conceptual framework in which individual governments should include their activities in regard of Roma in six major priority areas (education, health, housing, employment, protection against discrimination and ensuring equal opportunities, preservation and development of Roma culture and identity), each with own main objectives and specific tasks, responsible institutions, timing and means of financing (mainly from different pre-accession and accession programs, and much less from the state budget).

Following the inclusion of most of the countries of Central Europe in the European Union in 2004 and of Bulgaria and Romania in 2007 the “Decade of Roma Inclusion” has lost its importance and the problems of Roma in the region have gained new European-wide dimension. This became particularly clear in recent years after the public scandals in connection with the mass deportations of Romanian Roma from Italy and Romanian and Bulgarian Roma from France (in fact the entry of Bulgaria in this context was more a political decision because actually from France were deported only few hundreds people).⁹ Attempts by some governments to determine the problems of Roma in Central and South-Eastern as an Europe-wide problem and to transfer the overall responsibility for their solving to the European Union (particularly active in this respect was firstly Czech Republic and now Romania), however, appeared to be unsuccessful, and in April 2011 was adopted an EU Framework for National Roma Integration Strategies up to 2020.¹⁰ This EU Framework on Roma integration is to be adopted by the end of June by the Heads of States. According the expectations it will help guide national Roma policies and mobilize funds available at EU level to support inclusion efforts. By the end of the year, each Member State will have to present its national strategy to foster better integration of their Roma communities.

According to this strategic European Union framework, National strategies for Roma integration in the respective countries should be implemented and should include the main priorities of governmental policies, which are already confirmed - education, health, housing and employment. It is particularly stressed that these key priorities should be implemented in an inseparable unity with cross-cutting themes of combating poverty and social exclusion, discrimination, anti-gypsy prejudice, the development of Roma culture and upholding gender equality.

Similar (at least as a trend, albeit in much reduced size) is the situation with the state policy towards Roma in other countries of the Black Sea region and in particular in Ukraine and Moldova, where part of the political elites are willing to lead their countries towards European integration. Since the question of possible future integration of these countries into European Union remains without clear answer (at least for the foreseeable future), the impact on them in terms of the need for a special state policy towards Roma is done not through the European Union channels, but via other European structures (mainly through the Council of Europe and the Organisation for Security and Cooperation in Europe). Under these conditions in 2001 the Government of the Republic of Moldova adopted the Decree № 131 “About certain measures in support of ‘Gypsies/Roma’” and in 2003 in Ukraine the “State Committee on nationalities and migration affairs” at the Council of Ministers adopted special “Program for social and cultural revival of the Roma in Ukraine”. So far, these government initiatives, however, still remain without further development and without backing up with real content and concrete measures.

In recent years, in connection with the activation of negotiations for Turkey's accession to the European Union, the topic of Roma and their problems came to the fore in the public domain also in this country. This is the increased interest in the Roma issue that could explain the drastic differences in the number of Roma, according to various estimates (resulting mainly from human rights and humanitarian NGOs). First, only few years ago, the estimates were about 500,000 Roma inhabiting Turkey, then it has already begun to talk about 1 to 1.5 million, then about 2 to 2.5 million, and today the number pointed out are often about 3-5 million. It is worth noting that authorities in Turkey have launched pre-emptive policy towards Roma communities - even before this requirement was put before the official institutions, in many places, several Roma associations became into being, political parties and local authorities began to initiate community programs for Roma in different spheres including employment, education, various cultural activities and now already it is said that for the first time in the history of Turkey after the forthcoming elections there will be Roma among members of parliament.

In other countries of the Black and Caspian Sea (Georgia, Armenia, Azerbaijan), for which European integration is still a question of the future, the Roma issue is not yet on the agenda, and there are only limited special measures conducted, such as, e.g. solving of issues with lack of identity documents. However if also these countries will continue their way in this direction, the Roma issue will inevitably become increasingly relevant and will come on the political agenda also there.

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The First Cracks in the Imperial Base of the Post-War USSR *Georgia and the South Caucasus, 1946-1956*

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If we look through the history of Georgia, as a part of the Soviet Union during the 1940ies and 50ies, we will be very surprised to find many contradictions in the domestic life of Georgian society.

Life was a mixture of suffocating Bolshevik totalitarianism and provincial nationalism, which was only superficially colored with Official Ideology.

We will try to find answers to the most urgent questions in the recent history of Soviet Georgia, with reference to archived data which had been sealed up for many years. How important was nationalism and how did it influence life within the republic? Which methods did the local government use to maintain internal political stability in the country? What influence did politics in Moscow, with its ongoing fight for ultimate power in the Kremlin, have on Georgian society?

In the previous article we dealt with the foreign and internal issues of the so-called Turkish and Iranian crisis of 1945-47.

Should the territorial claims of the South Caucasian republics be satisfied at the expense of Turkey and Iran the Kremlin, as noted above, was contemplating changes in the borders of Georgia, Armenia and Azerbaijan: in the case of Iran's Azerbaijan unification with Soviet Azerbaijan, Saingilo province (Kakhi, Zakatala and Belakani) would be returned to Georgia, and Nagorno-Karabakh to Armenia. These decisions seem to be have been approved by Stalin, as a compensation for an extension of the territory held by the Turkic-speaking populations of the SSR of Azerbaijan. Subsequently, if the above-mentioned territories were also returned to Georgia and Armenia, that would lead to establishment of ethnically homogenous republics in the South Caucasus.¹

For the same reason, the Kremlin was eager for reconciliation with the anticommunist political émigrés from the Caucasus. The South Caucasian communist governments deemed that the realization of these projects, closely linked with the recovery of Georgian, Armenian and Azerbaijani historical territories, would portray them as the defenders of their respective peoples' national interests.

Thus, the Georgian Soviet government, led by K. Charkviani, tried to persuade Stalin to give a “positive solution” to the territorial issues, as it would lead to the stabilization of the republic.

Yet, the Kremlin's eventual failure to return the Georgian, Armenian and Azerbaijani territories revived discontent not only among the public, but also in the local communist hierarchies of higher echelons. That was the time when, as researchers say, Russian nationalism, propped up by Stalin under the disguise of “Soviet patriotism” during the Second World War, was turning into contempt and arrogance towards the smaller nations. The Russians' role as the saviors of the Soviet Union had been hyped to an unbelievable level and chauvinism emerged all over the territory, including the military corps of the district officers. Thus, with Russian



chauvinism colliding with Caucasian nationalism a conflict between the ruling center of the Red empire and the South Caucasian republics was becoming ever more likely.

The confrontation came to a head in the spring of 1947 as a result of power changes in Kremlin, resulting in a weakening of L. Beria's position.

In 1938, after leaving Tbilisi for Moscow, Beria had managed to maintain his personal control over Georgia. Like Stalin he was a member of the Central Committee of the republic's Communist Party and could personally determine key issues in matters of recruitment.²

In his memoirs N. Khrushchev noted that:

“The affairs of Georgia were run by Beria, who had previously held the position of Secretary of Georgia's Communist Party's Central Committee. He supported it and allowed no one to interfere in Georgian affairs. Moreover, Beria was the only person to inform Stalin about Georgia”.³

A. Mgeladze, the former First Secretary of Georgian Communist Party, who was later to become an active opponent of Beria, noted that until 1951 the Georgian government had referred to Beria for all the important issues and only after that went to Stalin.⁴

In 1946 V. Merkulov, a protégé of Beria, was replaced as Minister of State Security of the USSR by V. Abakumov, the former head of “SmerSh” – the Main Department of military counter-intelligence. At the same time Beria had been stripped of his power to control recruitment in the Ministry of State Security of the USSR. From 1947 on, that power would be entrusted to A. Kuznetsov⁵, the Secretary of the Central Committee of the Communist Party, the leader of the so-called “Leningrad team” and an enthusiastic Great-Russian chauvinist.

Soon, on Stalin's instructions, Beria's men in Georgia would experience further impact. In January 1948 Abakumov replaced A. Rapava, one of Beria's closest associates, by N. Rukhadze as Georgian Minister of State Security; the new Minister's first steps were to purge the ministry of personnel loyal to Rapava.

In May of the same year, another of Beria's associates, P. Sharia, was dismissed from his position as Propaganda Secretary of the Georgian Communist Party. Sharia had been sent to France in 1945, to establish contacts with the Georgian émigrés there.⁶

Not surprisingly, as the Georgian communist's influence was fading in the Kremlin, the supporters of Great-Russian chauvinism in Caucasia – namely the high command of the Transcaucasia military district, tried to take advantage of the situation.

In 1942 Stalin had ordered 10 national divisions to be recruited from the populations of the South Caucasian republics. Parts of those divisions had taken part in the hostilities and by the end of the war three divisions only had been left in the Transcaucasia military district, namely the 414th Georgian, the 86th Armenian and the 216th Azerbaijan divisions.

Effective command of the troops in the South Caucasia had since 1947 been in the hands of two deputy commanders of the Transcaucasia military district: Colonel-general M. Kazakov, as Chief of Staff of the district, and major-general D. Kolesnikov as deputy commander of the district for political matters.

Marshal F. Tolbukhin, the commander of the Transcaucasia district, who had good relations not only with Beria but also with the Georgian communist leaders, had left his post due to health reasons and, unlike him, his successor general Antonov did not have enough power or simply did not want to oppose the increasing tendency towards Russian chauvinism.

On November 10 1947, lieutenant-general N. Rukhadze, head of the department of counter intelligence at the Ministry of the State Security of the Transcaucasia military District, informed the commander of the armies of the district, as well as the communist leaders of the region, that

“incidents of Great Russian chauvinism in the military units of the district have been on the rise”.⁷

Rukhadze stressed that, in all the units of the district, counter intelligence had observed many instances of Great Russian bigotry.

“Meanwhile the commanders of the units, high-ranking officers and generals did not wish to curb chauvinistic behavior in the military forces, moreover they have themselves encouraged soldiers towards it”.⁸

In his letter, Rukhadze gave several sample quotations from the heads of regiments, brigades, divisions, corps and armies, all of them hateful towards the Caucasian peoples.

The growth of such ideas had some basis in the existing social conditions. Compared with the other Soviet republics, collectivization in Georgia at the beginning of 1930s had been relatively more liberal, which had left more economic freedom to the peasants. As a consequence, they made noticeable income from private properties like gardens and farms and their living conditions were better than in Russia, Ukraine, and Byelorussia. That is why Slavic military officers in district accused the Georgian population of being “speculators”.

The Russian soldiers in Armenia were similarly discontented with their poor living conditions. In 1946, with the hope of getting back the Armenian territories from Turkey, thousands of repatriates had returned to Armenia, and that drew a lot on resources, as the whole housing stock of Armenia was devoted to meeting the needs of the newcomers.

Generals Kozakov and Kolesnikov took advantage of the situation and embarked on a policy of complete Russification of the military forces under their command.

First they decided to abolish the Caucasian divisions by recruiting all the units in the district from outside bases, with the final aim of having them manned with mainly Russian soldiers. Their plan was to facilitate the process of assimilation and Russification of the younger generation of Caucasians. Deprived of the possibility to serve in their own national divisions in Transcaucasia, the local recruits would be sent to other regions of the Soviet Union. If they married Russian women, most of them would stay there, and not return to their home countries.

From a legal point of view, Kozakov and Kolesnikov had not even received official approval for their plan from the general staff and army headquarters.

“Send us as many Petrovs and Ivanovs as possible, appoint as few local officers as possible” – told his colleagues general Kozakov.⁹

It is obvious that Kazakov's and Kolesnikov's initiatives and pronouncements were not only spontaneous expressions of ingrained Great Russian chauvinism, but in fact a deliberate policy of the Soviet military leadership in Transcaucasia.

The best example of it was Azerbaijan, which underwent the same policy.

In 1948, after being appointed to the position of commander in chief of the 4th Army located in Azerbaijan, colonel-general Kolpakchi grossly interfered in the internal affairs of Azerbaijan demanding that First Secretary Bagirov unquestioningly execute all his orders.¹⁰

Even more aggressive was the behavior of the officers of the military units based in Abkhazia. On 30 September 1948, colonel Porshakov started spreading the rumors that soon city Sokhumi would be taken away from Georgia and annexed to the Krasnodar region of Russia. Said colonel, responsible for the ideological education of officers, “justified” this alleged move with the following “arguments”:

“After these measures Sokhumi, like Sochi, will become one of the most beautiful of resort cities. It is clear that the Krasnodar region will be a better guarantee for this than Georgia. In this way life will become much better, it will be fantastic for our children, since they won't have to study Georgian at school and will no longer waste their time learning such a useless language as Georgian”.¹¹

In such conditions, if they wanted to maintain stability, public order, and their own prestige and power, the leadership of the Georgian republic under Charkviani had more or less to use personal ties in order to defend Georgian national interests.

Possibly on Beria's advice, the Georgian government took its case to Stalin at the very moment when, after the North Atlantic alliance had been established in April 1949, it was essential for the Kremlin to maintain stability in the national republics in the border regions.

The Georgian government's main argument was that the activity of the above-mentioned generals was undermining inter-ethnic harmony in the republic, as well as unity at the rear of the Transcaucasia military district.¹²

On August 30 of the same year, the Ministry of Defense of Soviet Union ordered the dismissal of both generals from their positions and the Caucasian military divisions continued existing until 1956.¹³

Nevertheless, from May 1949 until Stalin's death, a tendency to destabilization in the social and political life of Georgia could be noticed. In that period Georgia, like the Baltic republics, the Ukraine, Byelorussia and Moldova suffered massive deportations as well as the purges which had begun in 1951 with the so called “Mingrelian Affair”.

After the formation of the North Atlantic alliance, in order to reinforce its control over the border republics, the Stalin regime took to ethnically cleansing the South Caucasus, even of people who never had any connections with the countries that had become enemies in the context of the “Cold War”.

All the foreigners who lived in Georgia while being citizens of other countries, or had no citizenship, as well as those foreigners who had Soviet citizenship, were exiled.

In 1949, a special order was issued by Georgian security minister Rukhadze, according to which heaps of compromising materials in the archives of the Georgian MGB had been seized and pored over. On the basis of those documents, which hardly contained any evidence, but only denunciations, approximately 25,000 case files were created. Those 25,000 innocent people were subjected to monitoring by informants, whose reports led to the deportation of the majority of this group.¹⁴

In the meantime the Kremlin was trying to purge the border republics of any people they thought could bring even the slightest damage to the Red empire. On May 7 1949, the minister of Security of Georgia asked the Kremlin to deport from the coast of the republic 180 Russian “Starovyery” (“Old Believers”), former residents of Turkey who had immigrated to Georgia in 1925-26 and had become citizens of the Soviet Union.¹⁵

That, however, was only a prelude. On May 29 1949, two month after the formation of North Atlantic alliance, a decision was made by the Council of Ministers of the USSR, to deport from Georgia, Armenia, Azerbaijan, as well as from the Krasnodar region of Russia and Black Sea coast as a whole, Greeks, Turks and “Dashnaks”. By the latter, the Soviet authorities meant the repatriated Armenians who had returned to the South Caucasus in 1945-48.

On 14-18th June 1949, the Soviet authorities deported 31,274 Greeks, 2,500 Turks and 2,677 “Dashnaks”. Altogether 36,451 people were exiled.¹⁶

If the deportation of Greeks from the Black Sea coast of Georgia was a typical Stalinist reaction to the defeat of the communists in the civil war in Greece, the reason for the deportation of the Armenians was

obvious from the report by Rukhadze to Charkviani.

Armenian repatriates had come to USSR with the aim to return in the Armenian lands that the Kremlin was supposedly going to take back from Turkey. After the project had failed, this repatriates, once eager followers of Kremlin, had increasingly become its opponents.

Rukhadze stressed that Armenian nationalism in Georgia would cause a negative reaction from the local population, which would later result in public and political destabilization and tense inter-ethnic relations in the republic.¹⁷

Some researchers claim, that the Georgian Soviet government tried to take advantage of the expulsion of the Greeks from the Black Sea coastline of Abkhazia, by resettling there collective farm workers from Western Georgia, who suffered from a lack of tillable land. Some of them even spoke of a “great Georgian colonization”¹⁸. Yet, no document has been found in the archives to confirm such assertions.

A letter of 7 June 1949, written by Charkviani to Stalin makes it clear that the Georgian government had only moved western Georgian farmers to Abkhazia in order to preserve the subtropical crops and the tobacco harvest. For the USSR, as it lived in conditions of economic autarky, it was extremely important to take these measures, and move to Abkhazia workers from collective farms in western Georgia with the necessary skills, as they dealt with the same subtropical agriculture there as in Abkhazia.¹⁹

A campaign of ideological control was launched in an effort to subdue the social dissatisfaction that was becoming more and more evident.

According to a resolution passed on 19th April of 1949 by the Council of Ministers of the USSR, urgent measures were taken to defend the territory of the Red Empire “against anti-Soviet broadcasting”. From July of that year the leadership of Soviet Georgia implemented technical measures to jam the “Voice of America”, the “BBC” and other western broadcasting programs.²⁰ Extreme anti-Western propaganda was unleashed on the populations of the border regions. A resolution passed by the Central Committee of the Georgian Communist party stressed the particular importance of propaganda in the areas neighboring Turkey. The population was to understand that the Turkish rulers were betraying their country at the behest of the American imperialists, who wanted to use it as a military bridgehead against Soviet Union. The population was called upon “to provide active assistance to the border troops in engineering and the technical outfitting of the state border”.²¹

As it carried out those measures, the Soviet government considered it essential to strangle any emerging dissent in the crib, an extremely rigid attitude which was typical of the last years of the Stalin regime. The reaction of ordinary Georgian populations towards this policy was noticed even by the few foreign observers who were staying in Georgia at the time. For example rear admiral R. Peltier, the French naval attaché in the USSR, visited the republic in 1949 and noted that

“in this republic national feelings express themselves in two basic ways: through Georgian pride, and latent hostility towards the Russians”.²²

In November 1951 Georgia was hit again by a new wave of repression and destabilization. In an effort to obtain compromising material against L. Beria and achieve total control over Georgia, Stalin had launched the so called “Mingrelian Affair”. Its real purpose was to rid the republic of all of Beria's protégés, by gathering incriminating evidence on Beria himself, with the intent of “proving” that the former NKVD boss had been engaged in a double game with the Western secret services.²³

With that aim the Second Secretary of the Communist party of Georgia M. Baramia, Minister of Justice A. Rapava, prosecutor of the republic V. Shonia, and nearly all the party regional secretaries of the Mingrelian districts were imprisoned.

On 16 November 1951, several days after the “Mingrelian Affair” had started, on Stalin's direct order



the Central Committee of the Communist party of the USSR passed an unprecedentedly severe resolution on “deporting hostile elements from the territory of the Georgian SSR”.

On 29 November a similar directive was issued by the Council of Ministers of the USSR.

The text of the directive read as follows:

“To deport for eternity from the boundaries of the Georgian SSR to Southern Kazakhstan and the Jambul district of the Kazakh SSR the close relatives (parents and wives, sons with their families, and daughters, brothers and sisters living separately but on whom compromising material has been obtained) of émigrés, traitors to the Fatherland and non-returnees living abroad and conducting hostile work against the Soviet Union; of émigrés and traitors to the Fatherland from among Ajarian Georgians living in Turkey; of émigrés and traitors to the Fatherland from among residents of regions of Georgia with Muslim populations who live in Turkey, and also returned émigrés who came to Georgia in 1946-49 from France, Iran and China, former prisoners of war, those who have served in the national minority units of the former Fascist German army, former travelers abroad who have suspicious ties with Turkish intelligence, with their families – a general total of 6,300 persons”.²⁴

The fact that, among all the South Caucasian republics, such a draconian directive had only been imposed with regard to the Georgian SSR, illustrates the force and bitterness of the Stalin-Beria conflict.

Intimidated by Stalin's apparent wrath, the Georgian Soviet government was forced into a large sacrifice. The number of people to be sent to an exile eventually doubled. Instead of 6,300, the overall number of people to be exiled reached 11,200.²⁵

First Secretary of the Communist party of Georgia Charkviani, who had been governing the republic from 1938, was dismissed and replaced by a new favorite of Stalin, A. Mgeladze. In October of 1952, by Stalin's direct order A. Mgeladze had been elected as a member of the Presidium of the Soviet Union.²⁶

Mgeladze kept the prosecutions going in the “Mingrelian Affair”, as well as the deportations. The purges were carried out not only in the party, but also in the Komsomol.

At the same time, curious things happened. The Georgian Minister of State Security N. Rukhadze, who in 1952 had himself been dismissed and arrested for alleged dereliction of duty while running the “Mingrelian Affair”, totally annihilated the network of NKVD agents on the Soviet-Turkish border on strict instructions from the Kremlin. On his orders, almost all those secret agents were accused of playing a double game and deported from Georgia.²⁷

The first aim of the new Minister of State Security, A. Kotchlavashvili was to reestablish the secret network of agents on the Soviet-Turkish border.²⁸ In his report from July 25 1952, Mgeladze informed Stalin about having built a 95 km-long signal system to protect the Georgian-Turkish border. A control line had been restored on 283 km of borders, and a signals system built on 100 km. To protect the Sea borders, radio observation posts had been created in Gonio and Bichvinta.²⁹

Summarizing all the facts mentioned above, one can say that in 1949-53 the destabilization in Georgia was caused by:

- 1) the peripheral position of the republic;
- 2) National minorities, whom Stalin considered untrustworthy after the beginning of the Cold war;
- 3) A covert struggle for power in the Kremlin and Stalin's desire to rid the Politburo of undesirable colleagues, which turned Georgia into a test case. In Georgia this translated into a purge of Beria's people. Stalin sought to achieve full control over Georgia, with the same power there as Beria had had from 1931 to 1951;
- 4) A general absurdity in politics typical of the last years of Stalin's rule.

Tension in Georgia continued even after the death of Stalin. Paradoxically, Georgian loyalty towards the Kremlin was finally destroyed by Khrushchev's policy of destalinization.

The aim of the well-known demonstrations which took place in Georgia on March 4-9 1956 was not at all to preserve Stalin's image. The demonstrators, who looked like provincial ones, were actually protesting against the rise of Great Russian chauvinism and the anti-Georgian mood prompted by the famous Khrushchev speech at the 20th Congress of the Communist party of the USSR.

Along with all the factors mentioned above, public discontent in Georgia also hailed from social motives. The Kremlin wanted to take away from the Georgian peasants the incomes they were getting from their farmlands, as he wanted to make them totally dependent on collective farms, like they were in Russia and the other republics of the Soviet Union.³⁰

During 4-9 March 1956, anti-governmental demonstrations covered the whole of Georgia. Moscow blamed V. Mjavanadze, the newly appointed First Secretary of the Georgian Communist party, for everything that was happening in the republic. Afraid of losing his position, Mjavanadze asked the Kremlin to use the army against the demonstrators. “ – Mjavanadze has asked for the tanks”, – said M. Suslov as the Central Committee met in Moscow on 8 March.³¹

According to the archive sources, the main bulk of the demonstrations were students and other representatives of the younger generation. On 9 March, Soviet soldiers opened fire on unarmed demonstrators at the Telegraph house, killing dozens of protesters. The massacre revived anger and protest in the Georgian public. The myth of the Soviet Union as a multinational society had evaporated. Latent disagreements emerged in the inter-ethnic relations of the republic.

On 23 May 1956, summoned to a Central Committee meeting in Moscow, Mjavanadze, eager to keep his position, claimed that there had been no instance of inter-ethnic hostility during the demonstrations in Georgia.³² Documents from the archives, however, prove the opposite.

The links between the Georgians and the Kremlin had been cut and the archives fully confirm this. Here are examples of statements from the Russian officers of the first Armoured division engaged in shooting down the demonstrators:

“The Georgians' demonstration in the square and near the statue [of Stalin] is no ordinary thing. This is a counterrevolutionary demonstration planned in advance. Washington is involved in this incident and has spent a lot of money for that”.

“These people should be shot on the spot”.

“I am personally pleased that soldiers intervened in this incident. Georgians should understand that we have only one government of the Soviet Union”.³³

At the same time discontent and agitation increased in the 74th Georgian Soviet infantry division, located near Kutaisi, who on 4-13th March together with the Kutaisi garrison was kept mobilized in case of an emergency. According to documents from the counter-intelligence of the Transcaucasia military district, most of the Georgian officers received information about the events in Tbilisi from the “Voice of America”. Some of officers even said that in the case of a war, they would eagerly take the West's side.

“In France the government does not shoot demonstrators”.

“The 'Voice of America' broadcasts everything as it really happens”.

“If the people desire something no government can stop them, they will achieve everything”.

“If the war starts we all will throw away our shoulder-straps”.

One of the officers even insisted on sending special group to Moscow for a terrorist attack.³⁴

It was no accident that the 74th Georgian Soviet division was disbanded shortly after that.

Panic-ridden reports by counter-intelligence clearly show that the bloodshed in Tbilisi had sparked protests in nearly all of Georgia's Universities and Institutes, turning into a national movement against the Red empire.

After a couple of weeks following the 9th March massacre, few people cared about Stalin. Most Georgian students expressed solidarity towards the peoples of Poland and Hungary, who were also rising against the Kremlin's tyranny.³⁵

At that time Moscow distrusted the Georgians so much that it did not even trust agents of the Georgian KGB, relying instead on secret information from the counter-intelligence department of the Transcaucasia military district.

On June 5 1956, the chief of Georgian KGB general A. Inauri informed Mjavanadze, that according to his intelligence:

“anti-Russian and nationalistic feelings now involve people who had not taken part in the March demonstrations and did not have any kind of connection with suspicious activities before”.

“Foreign countries intelligence services are trying to get information about the ongoing events in Georgia from foreign visitors (tourists, different delegations, and diplomats) of the capital and regions”.³⁶

After Inauri's report, Mjavanadze turned to the Central Committee in Moscow with a request to reopen the KGB departments in the different regions of Georgia where they had been abolished after the death of Stalin.³⁷

On September 19th of the same year, the chief of the counter-intelligence of the Transcaucasia military district, lieutenant-general Zhelezniakov, sent a report to the Second Secretary of the Georgian Communist party, P. Kovanov. The document, covering mainly military issues, stressed that one of the aims of the Western agents in Georgia and Azerbaijan was to probe “public opinion on fighting against the Stalin cult and the Bagirov trial”.³⁸

It is important to indicate that this report had not been sent to Mjavanadze, a Georgian, but to the Russian Kovanov, who was but the Second Secretary of the Georgian Communist party. It is clear that, in this case, Khrushchev had used traditional imperial methods to control the ruling class in Georgia by appointing a Russian official to the position of Second Secretary and making him responsible for security issues.

It is no accident either that, several months after the massacre in Tbilisi, on July 10 1956, while meeting with an Italian communist delegation, Khrushchev justified his policy with the following “explanations”:

“The situation had soured in Georgia because most of the employees in the mines and factories are Russian. The Georgians compose only 60% of the population, the other 40% being Russians, Armenians, Ukrainians, etc. There is not a single Russian in the government there. In the Stalin era you might not even mention this fact”.³⁹

In conclusion, one can say that the events of March 1956 played a decisive role in the revival and growth of the Georgian national liberation movement after the Second World War. The ideological ties between Kremlin and Georgia were severed. The shooting of peaceful protesters demonstrating under slogans to defend Stalin's image (who, due to the poor political culture in Georgia, had played the same role for Georgia's integration in the Soviet Union, as Orthodox Christianity in the Russian Empire of the 19th century) shattered their naive and provincial illusions. From then on, most Georgians would understand that the national independence of Georgia was predicated on the destruction of the Kremlin Empire, whatever its political

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Some Problems of the Security of Country's Information Space

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Abstract

Cyber-security is the concern of every country. Recent events have demonstrated once again that this is a particular challenge to Georgia. Georgia appeared not ready for cyber-attacks on its information space performed in August 2008. There are a lot of threats to the information space. In general, the information threat may be defined as such an event occurring in the information communication network at a certain moment and a certain stage that resulted in an adverse effect on the information. The information threats are diverse. They are distinguished by their origin, location, character, form and other criteria.

Introduction

You cannot imagine the functioning and development of modern society without information and information flows. Economics, education, social spheres, industry, agriculture, science – all types of human activities depend on the quality of information used, its completeness and reliability, and its operativeness and forms. Hence, the issues of formation, application and protection of information resources by using novel information and communication technologies deserve special attention.

Moreover, the viability of each country is determined by the quality of collection, processing, saving, use and transmission of information, proper technological schemes and – information - communication policy. All these factors can be represented as a complex organizational – engineering information system, in which information - communication technologies are realized. This involves hardware, software, mathematical, methodical, legal and other support.

Cyber security is a challenge for all countries. Recent events have demonstrated that this problem is still pressing for Georgia. Georgia appeared not ready for cyber attacks on its information space performed in August 2008.

Those events revealed that the information - communication networks existing in the country were unprotected and unstable against cyber attacks and other threats. The quality of cyber security in both governmental and other organizations was inadequate and did not correspond to the requirements of International Standards.

It should be noted that ensuring of the cyber security is a global problem and the country that does not pay due attention to it risks to face serious problems.

Basic Cyber Threats to the Country

Analyzing the period before the war occurred in 2008 and the post-war experience, we can say that the Georgian Government, defense and security services, state bodies and large commercial entities could face the following threats:



1. falsification of websites and IP addresses in the Internet;
2. hacking of SQL databases;
3. stealing of passwords, codes, IDs and other data;
4. destructive viruses;
5. destruction of networks and servers;
6. breaking-off of the international Internet communication;
7. unauthorized accessibility to important information for enemies or terrorists;
8. covert control over ICT and Web resources of state, defense, security, commercial and other bodies.

It is noteworthy that, when they discuss the problems of country's national security, many specialists consider defense, political, social, economical and ecological security, but they give less attention to informational security (or it is not taken into consideration at all), whereas just the security of country's informational space is one of basic elements of the national security, representing an important condition of normal functioning of the country.

For our country, as well as for many other countries, the creation of the network of informational support and its security is directly associated with national security. The existence and development of our country would be impossible without information security.

To emphasize the importance and topicality of the security of country's informational space, it is enough to mention that, in as far back as 1983, the document of the Department of Defense of the USA titled ``Trusted Computer System Evaluation Criteria`` was published. In it the definition of system security was introduced. This document is de facto standard for computer security today. This standard is known for the specialists in the field of information, communication and computer network security as The Orange Book (owing to the color of its cover). It is interesting that network security classifications were established according to The Orange Book.

Historical Aspects of Information Security

Let us touch on the history of origination and development of the information security. The need for information security occurred immediately after origination of information communication means. People guessed that there may be some people who would wish to distort or destroy information sources or information transmission facilities. In 1816, when radio and electro communication facilities became available, a new stage in the development of information security began. There emerged the possibilities for protection of information by its encoding and subsequent decoding. The invention of radar and hydro-acoustic aids allowed them to affect engineering systems by using radio-electronic interfering devices. At the beginning of the computer era it became possible to solve the problems of information security without physical access to and contact with the equipment. When first information computer networks were built up, the problem of management of network resources arose.

The work on the problems of information security especially developed after building up of global information-communication systems and application of space facilities for this purpose. Actually, in the 80-ies of the 20th century a number of countries began working on the doctrine of state security which compromises the informational space security as one of its basic components.

In the period when primitive information carriers were used, the protection of information was performed by various organizational ways, which involved limitations on the access to information carriers and severe punishment for disclose of secrets. According to Herodotus, in as early as the 5th century B.C. encryption of information was used for its security. Codes appeared in ancient times in the form of

cryptograms. The Spartans had a special mechanical tool that allowed them to write secret letters and messages in a special way. Julius Caesar used a special alphabet for similar purposes. In the Middle Ages and the Renaissance times many famous people worked on ciphers.

The change-over to engineering facilities of information transmission brought about accidental influence on the information: equipment faults, operator's errors etc., which could cause the detetion or distortion of information or create the conditions that would allow unauthorized access to information. With further development of communication facilities and their wide application, there appeared more opportunities for unauthorized access to information.

About Hackers and Crackers

The development of complex automated control systems and computer networks, which involve automated entering, saving, processing and display of information, made the information security even more topical.

Today, information processing industry has reached a high level of development, the access to the global communication networks from a personal computer is a routine event, and there appeared ``electronic`` money (credit cards), which set the stage for misappropriation not only of information, but also of large amounts of money. Hence we can say with reasonable confidence that just the scientific and technological progress engendered computer malefactors so called hackers and crackers.

The hackers is a computer hooligan who is well aware of computer engineering and who breaks in the computers of other users without authorized access. By using telephone lines and personal computers, the hackers connect to data transmission networks which are connected to large economical, scientific and technological, financial and other computer centers.

You can find information about cyber crimes in special literature. For instance, on October 5, 2002, the Italian police revealed a group of hackers who had performed computer attacks on thousands of computer centers and networks, including the ones belonging to the Pentagon and NASA, were violated. The cites in Great Britain, China, Sweden, Australia and Latin America were attacked. The group began its attacks during the Big Eight Summit held in Italy in 2001, which was accompanied by demonstrations of antiglobalists which this group belonged to.

According to the report of the Information Technology and Risk Company Ernst & Young, in Russia and the countries of the former Soviet Union they do not conceive weak points of the information systems operating on their territories and real risks creating danger to them. The damage caused by the hackers to only separate developed countries makes up millions dollars.

Viruses – a Kind of Informational Threats

In recent years a new kind of computer crime has become common. This is the creation of so-called computer viruses, which are special programs launched by a special signal. The virus could spread immediately after contacting with other program. Such ``infection`` of programs with viruses may pose different consequences: from a mere joke to deletion of complex programs that could not be restored, which would cause irreparable damage.

In 1980 computer virus Turman occurred. Harmful programs have the features characteristic of biological viruses: a small size, the capabilities of spreading rapidly, propagating and introducing into an object (its infection), and, in general, having an adverse effect on the system. That is why we call such programs computer viruses.

The computer viruses are small-size executable or interpretable programs which are capable of spreading and self-propagating in automated systems. The viruses can change or destroy software or data



stored in an automated system (AS), a network or a computer. In the process of propagation, the viruses are capable of self-modifying.

The appeal of the operational system (OS) for the viruses is determined by the following factors:

- how widely OS is used;
- the absence of incorporated antiviral tools;
- comparative autonomy;
- service life.

A wide spread of viruses, serious adverse consequences caused by them generated a need for the development and application of special antiviral aids and methods of their use.

The antiviral aids are used for the following purposes:

- revealing of viruses in AS;
- blocking of programs – viruses;
- elimination of the consequences caused by viruses.

It is desirable to reveal viruses immediately after their introduction or at least before they begin their destructive action. It should be noted that there is no antiviral tool capable of revealing of all possible types of viruses. The elimination of adverse effects of viruses is generally performed in two directions:

1. Elimination of the virus.
2. Restoration (if necessary) of file memory areas.

For the struggle with viruses, software and hardware aids are used. Their operation is performed in a certain sequence and combination.

The following methods of revealing the viruses are known:

- scanning;
- revealing of changes;
- heuristic analysis;
- use of resident guards;
- vaccination of programs;
- hardware and software protection against viruses.

Despite the fact that the experts note that the interest to the creation of viruses has mitigated, this problem is still topical.

It should be noted that, besides the criminals threatening different countries, there are quite respectable companies terrorizing everyone who uses e-mail. These are spammers sending useless information (commonly advertisements) to e-mail users without any requirements. This useless information, so-called spam, is a real calamity for the Internet.

The unauthorized use of information may have serious consequences, including political ones involving launching of wars.

One more aspect of the problem is noteworthy – this is users' irresponsibility. The experts point to many ways of the unauthorized access to the information in data processing systems: scanning, copying and alternation of the data; entering of false programs, commands and messages, connection to communication

lines and channels; the use of faulty programs and devices; memory scanning and receiving and recording of induced signals, the use of hardware failures, operator's and software errors etc.

Cryptography as a Way of Information Protection

We could not speak about the security of informational space if we do not touch on the subject of cryptography.

Cryptography, i.e. encryption (masking or hiding information), is one of the most natural manifestations of the man or, in general, of a living organism. Cryptography (in Greek “Kryptos” means secret, and “Grapho” - writing, drawing) is the practice and study of hiding information.

In general, the protection of information by its cryptographic conversion consists in the conversion of information components (words, letters, sentences, numbers etc.) by using special algorithms, engineering solutions and key codes. For reading the coded information, an inverse operation of decoding is used.

Cryptographic methods are among the most widely used ones which improve significantly the security of data transmission in computer networks and of the transmission of the data stored in memory.

As was mentioned above, for coding usually an algorithm or a device that operates by the given algorithm is used. The process of coding is controlled by the variable-key code, which provides the representation of original information when the same algorithm or device is used. Knowing the key, it is easy to decode reliably the transmitted text. However, if you do not know the key, it is actually impossible to perform this operation (even if the coding algorithm is known).

It should be noted that the “cipher” is an Arabic term emerged in the XV century.

The block diagram of coding/decoding is shown in Figure 1.

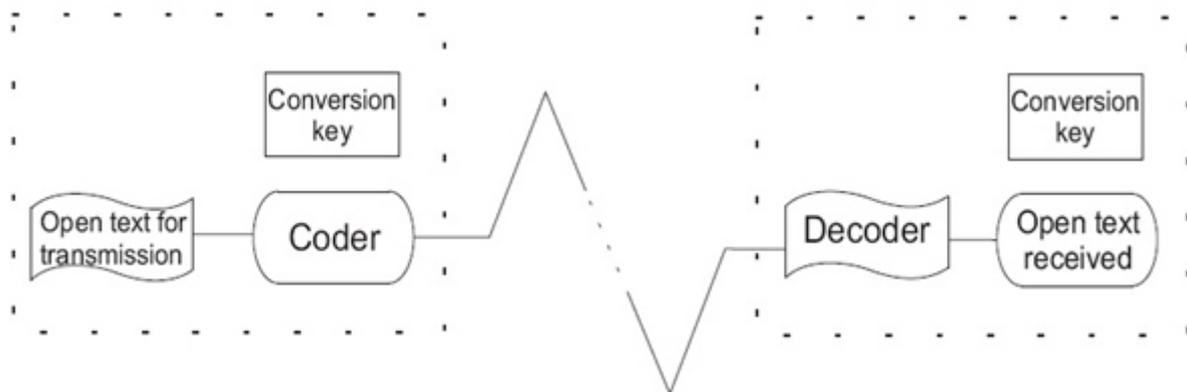


Figure 1. Block diagram of encoding/decoding

Codes and ciphers had been used long before the invention of computers. There is no noticeable difference between coding and encoding.

Currently the term “coding” is used when we speak about digital representation of information during its processing by hardware, whereas “encryption” means the conversion of information with the aim of its protection against the unauthorized access. Today some methods of encryption are well developed and recognized as classical.

It is well known that in ancient Schumer, Egypt, China, Greece and Rome secret writing and other encryption means were widely used.

Julius Caesar (the I century B.C.) used his own secret cipher. That is why today in scientific literature one of cryptographic algorithms is called by his name (Caesar algorithm).

It is also well known that in the Middle Ages and the time of the Renaissance many prominent people (philosopher Francis Bacon, mathematicians Francois Viet, Giordano Cardano, John Wallis and others) worked on secret algorithms. Comparatively complex methods of encryption were invented.

In as early as the end of the XV century, in the Arabic encyclopedia much attention was given to cryptography.

Among other issues, the statistical method of cryptographic analysis of algorithms (i.e. crypto analysis) was described for the first time. The statistical method implies that separate symbols, in particular separate letters-signs of a natural language, have different probabilities. Even today the consideration of frequency values of letters-signs represents one of the ways of algorithm decoding.

General classification of the methods of cryptographic conversion is shown in Figure 2.

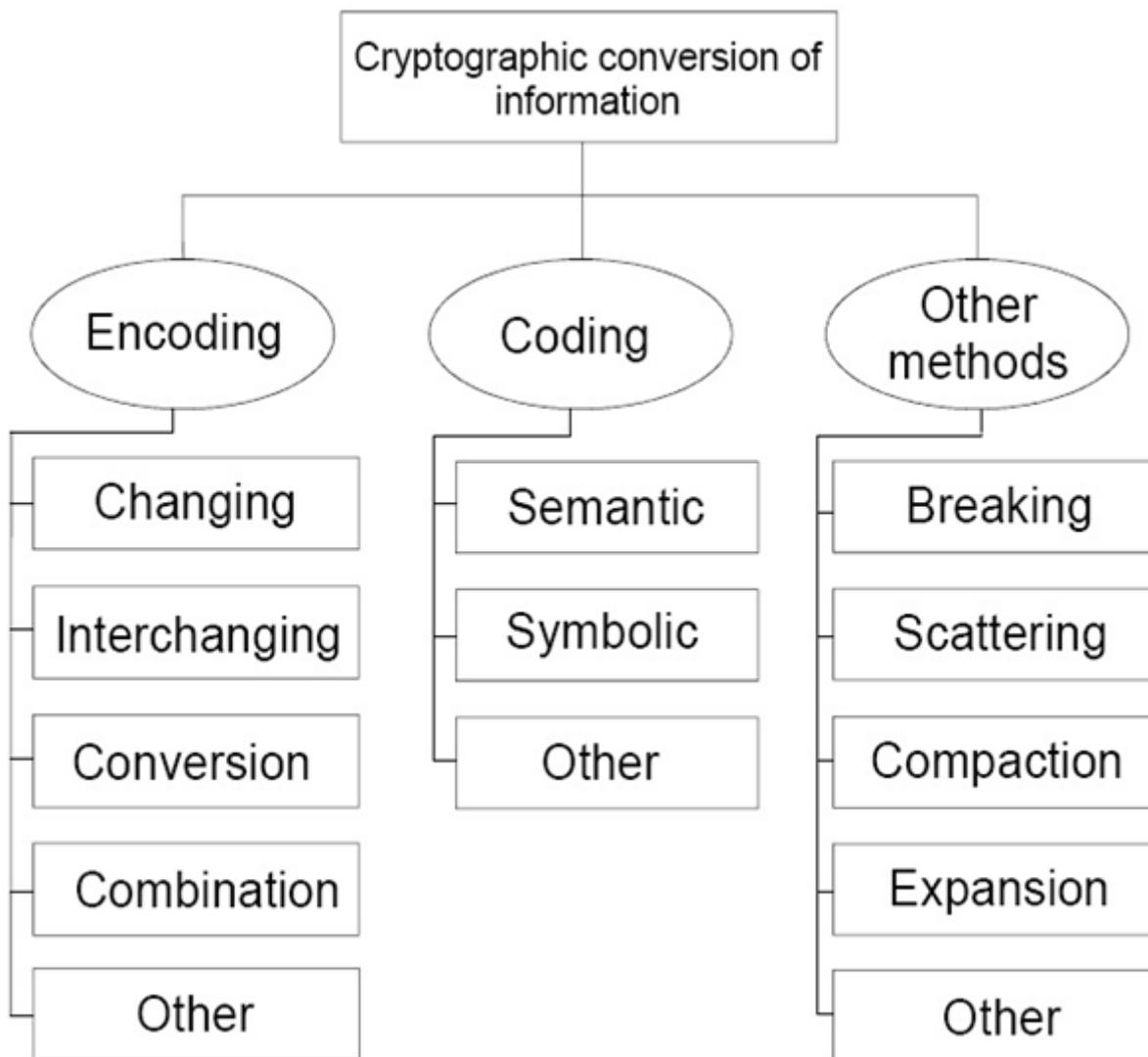


Figure 2. Classification of the methods of cryptographic conversion of information.

On the Security of Information Computer Networks

The control and protection of the security of information communication and computer networks is of great importance for every country. That is why international cooperation in this field has become a common practice, as it is almost impossible for a country to cope with cyber threats by itself. One of the ways of

international cooperation are Computer Emergency Response Teams (CERT) operating in different countries. These teams are intended for observation of the events happening in computer networks and response to any incident (failure, disruption etc.) with the aim of elimination of its cause. In general, in computer networks different incidents such as DDOS Attack, Virus, Malware, Spam, Worm, scanning of IP-ports etc. could occur. It is noteworthy that, like the Interpol, CERTs exchange information and help different countries to eliminate the threats coming out from these countries. In Georgia such CERT has been established at Scientific Educational Association “Grena”.

Besides, a new project on coordination and management of Computer Emergency Response Teams has been launched. This project is financed by the NATO, and its objective is to establish CERTs in the Caucasian Region, and their training and support. In this project, along with CERTs from Georgia, Armenia and Azerbaijan, CERTs from Ukraine and Poland are involved. It is envisaged to include Kazakhstan, Turkmenistan and other countries into this project in the future.

It was mentioned above that, in general, governmental bodies, defense, law and other institutions, large commercial companies of all countries, including Georgia, may face such cyber threats as viruses, stealing of codes and passwords, destroying of servers, etc.

There are many other technological and electronic types of threats, but the above-listed ones completely correspond to the conditions of our country, which appeared unprepared for recent cyber attacks. It became evident that country's information communication networks were unprotected and unstable. Moreover, it appeared that the problem of information security was not solved adequately, and our information security fell behind International Standards.

Types of Informational Threats and their Sources

Generally, the informational threat can be defined as such an event occurred at a certain time and stage that influenced the information transmitted via the information communication system. The threats are distinguished by their origin, location, type and many other criteria.

There is an interesting approach to the classification of informational threats, according to which they exert an adverse effect on information. According to this approach, the threats are divided into four groups:

1. Informational
2. Software-mathematical
3. Physical
4. Organizational

It should be emphasized that the identification and classification of the informational threats and the investigation of their causes is not only topical, but also essential when developing the measures, devices and systems for protection of information security.

The classification of informational threats represents the grounds for the basic direction of information protection. In our opinion, for development of the means and systems of information space security, it is necessary to study thoroughly the informational threats and to take into consideration their properties. For this purpose, it is essential to formalize and classify the threats of all types and origin. Hence, we paid much attention to characterization of the threats and to the requirements to be posed.

There are different approaches to the classification of threats. Different authors use different criteria for such classifications. Among them are such criteria as a type, a degree of malicious intent, a location, an origin, a cause of threat occurrence, etc.

By their origin the threats can be random and intentional, whereas the conditions of threat occurrence



may be divided into two groups: objective and subjective.

The sources of threats may be:

1. People
2. Engineering facilities
3. Software, algorithms, models
4. Information processing technologies
5. The environment.

By the type of damage, there are distinguished violations of the integrity, of the logical structure, of the sense, of the confidentiality and of the copyright.

All the above-listed threats should be characterized separately. According to the proposed classification, we elaborated the block diagram of the threats to information, communication and computer networks and their protection (Fig. 3). It can be used for working out the program of the security of country's information space.

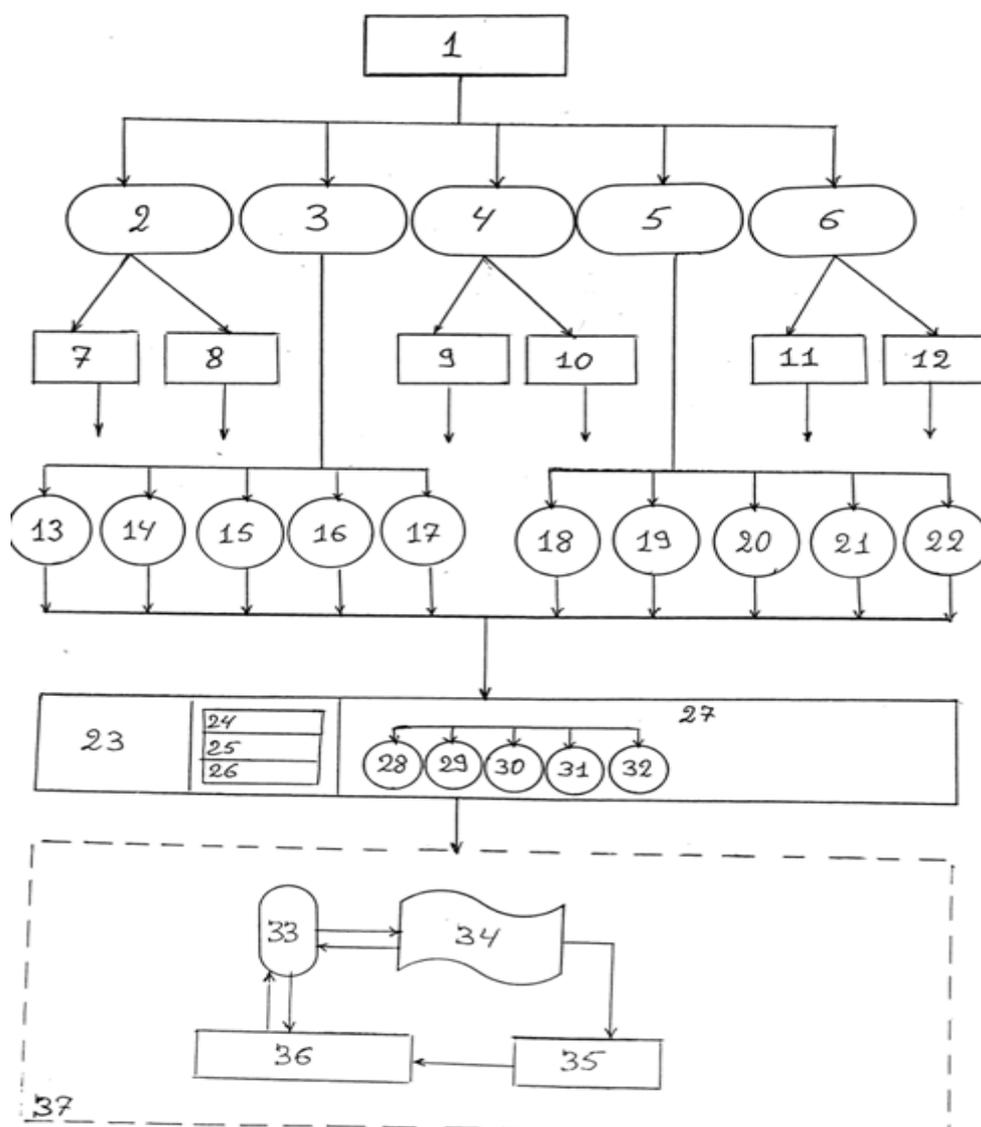


Figure 3. Block Diagram of information space threats and security:

- | | |
|--|---|
| 1. Threats; | 20. Models, algorithms, software; |
| 2. Threat origin; | 21. Technology; |
| 3. Threat type; | 22. The environment; |
| 4. Origin environment; | 23. Security measures, facilities, systems; |
| 5. Sources; | 24. Protective systems; |
| 6. Threat occurrence conditions; | 25. Assaulting systems; |
| 7. Random threats; | 26. Preventive systems; |
| 8. Intentional threats; | 27. Security level; |
| 9. Internal threats; | 28. Weak; |
| 10. External threats; | 29. Medium; |
| 11. Objective threats; | 30. Strong; |
| 12. Subjective threats; | 31. Very strong; |
| 13. Violation of the physical integrity; | 32. Extremely strong; |
| 14. Violation of the logical structure; | 33. People; |
| 15. Violation of the sense; | 34. Information; |
| 16. Violation of confidentiality; | 35. Information technologies; |
| 17. Copyright violations; | 36. Engineering facilities. |
| 18. People; | 37. Information environment. |
| 19. Engineering facilities; | |

Means and Systems of Information Security Protection

The information security is the information space state, and the information protection is the action aimed at preventing unauthorized access, disclosure, use, disruption, modification or destruction of information and providing its integrity, confidentiality and reliability.

Using the system approach, the issues of the security of country's information space can be grouped in the following way:

1. Scientific, normative and legislative bases.
2. The structure and objectives of services (departments, authorities, etc.) providing the information security.
3. Organizational and technological methods and measures.
4. Software and hardware aids.

The objective of realization of the information security of some entity (a country, a region, an industry, a department, etc.) by the system approach is the establishment of the information security system for building up and efficient operation of which it is necessary:

- to elucidate specific requirements essential for protection of the given entity;
- to take into consideration the national and international legislation;

- to use the experience accumulated in the practice of building up such systems.

Basic technical and organizational requirements making part of information security policy must be specified.

· From the outset there must be appointed the subdivision(s) responsible for the realization of the information security system, and the limits of its (their) responsibilities must be defined.

· Suitable algorithmic, software and hardware methods and means of information security must be implemented and introduced.

· The management system must be used in the operation of the information security system.

· Monitoring of the operation of the designed and introduced system must be performed, and, if necessary, appropriate modifications and corrections should be made regularly.

From the above it follows that the process of realization of the information security system is continuous and that it cyclically returns to the first measure at each alternation or correction.

At this point it is worth noting that there should exist the national doctrine of country's security which, in concert with national and international standards, and methodical instructions, will comprise the unity of normative-methodological documentation for the security system.

By their purpose, the information security systems may be protective, assaulting and preventive (Fig. 4). By the security level, five categories of security systems are distinguished: weak, medium, strong, very strong and extremely strong (Fig. 4).

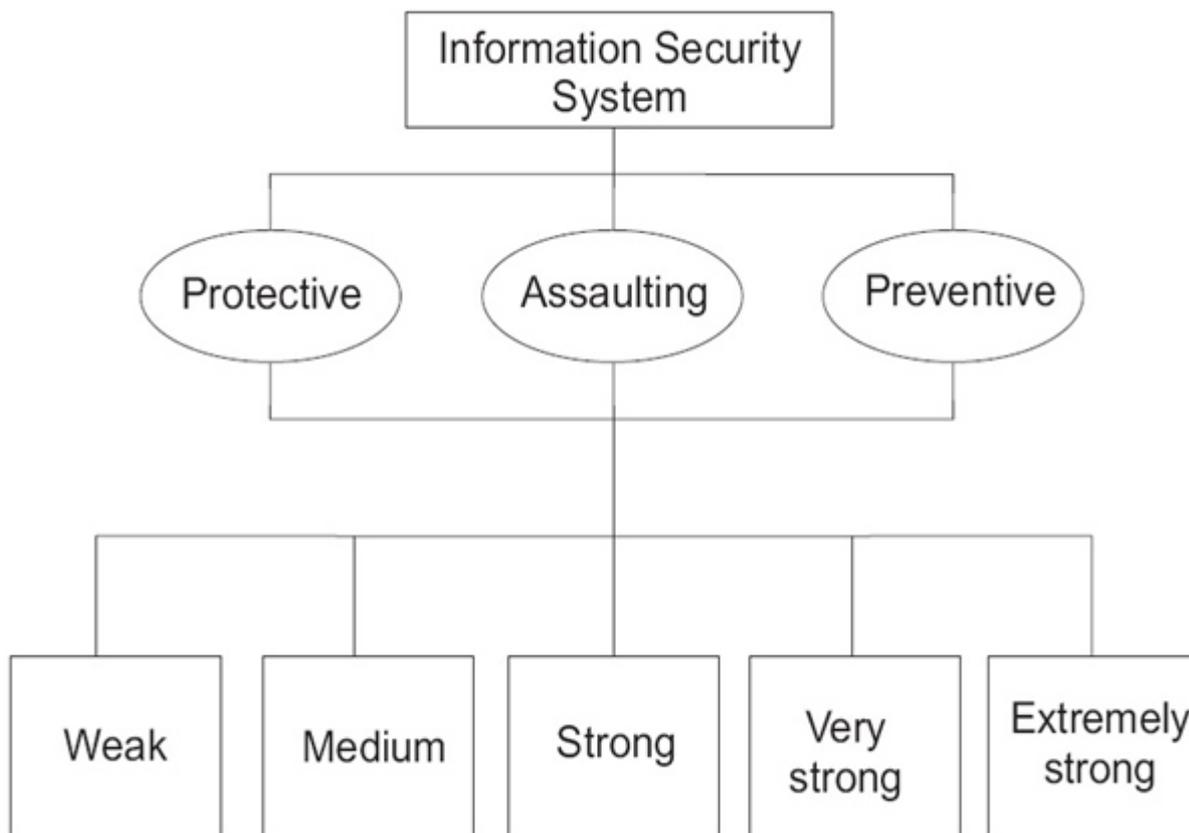


Figure 4. Types of information security systems.

The following directions of creating the information security system are also worth noting:

- protection of the objects of the information security system;
- protection of information processing and programs;
- protection of communication channels;
- protection of hardware;
- neutralization of side electromagnetic radiation;
- security system management.

Let us separate out a few types of software and hardware methods and means providing the information security from a variety of these:

1. Means protecting the system against unauthorized access.
2. Network monitoring systems.
3. Information Flow Simulation and Analysis Systems (CASE).
4. Protocol analyzers.
5. Antiviral aids.
6. Internetwork screens.
7. Cryptographic means.
8. Continuous feed systems.

This list can be continued. It is evident that all these means demand detailed characterization and definition of the requirements to be posed on them. Only after doing so, we can use them in the information security system.

From the standpoint of information security, the information that is used and disseminated in the society can be divided into two large groups:

- the information open for general use;
- the information of limited access.

The information open for general use is, for instance, the information spread by mass media and the Internet. Governmental acts, Parliament's public decisions, statistical data, etc. belong in this category.

The information of limited access may be:

- state secrets;
- commercial secrets;
- private information and other.

It is necessary to distinguish not only information, but also the sources of informational threats. Three groups of such sources are distinguished:

a) The sources of threats which are conditioned by subject's action (such sources are called anthropogenic). Here are meant those subjects whose actions may damage the information security. These actions could be random or intentional (planned beforehand).

b) The sources of threats conditioned by engineering facilities (so-called technogenic threats). The sources of this type are dependent on the characteristics of engineering facilities and thus require special

attention. Such sources of informational threats may be internal and external.

c) Natural sources of threats. This group of sources comprises the force majeure states (natural calamities, earthquakes, floods, etc.). Such sources could not be predicted, and thus the measures against such sources must be always in action. The objects must always be protected against external sources of threats.

The general classification of the sources of threats is shown in Figure 5.

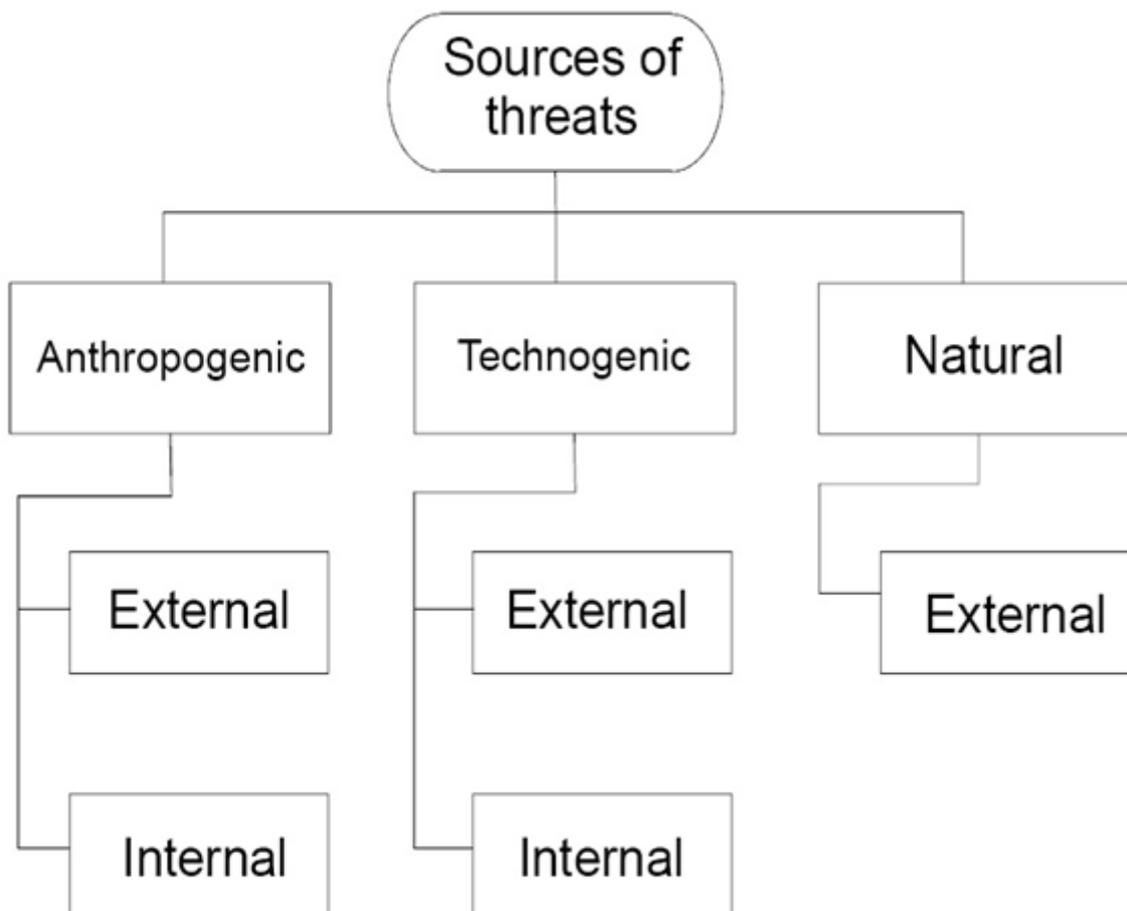


Figure 5. Sources of threats.

During our work on the subject, we found out that different authors gave different versions of classification of informational threats, and yet some points have not been taken into consideration. For instance, in our opinion the threats should be distinguished by their periodicity and action duration as well. By this criterion, the threats may be single-action and long-term; they also can be of periodic (cyclic) action.

Let us mention one more point that is not considered for in available classifications. There may be such consequences of the action of informational threats that it will be impossible or almost impossible to repair completely the damage caused (or it will be possible to restore partly the damaged information).

There are also the threats which cause the damage which is relatively easy to repair. All the above-mentioned is taken into consideration in our version of classification of threats shown in Figure 6, whereas Figure 7 represents the specific classification of anthropologic sources of threats.

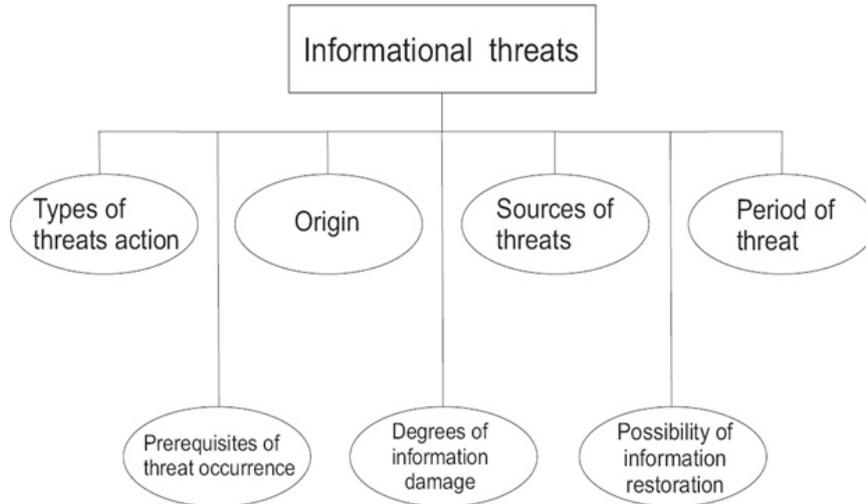


Figure 6. New classification of informational threats

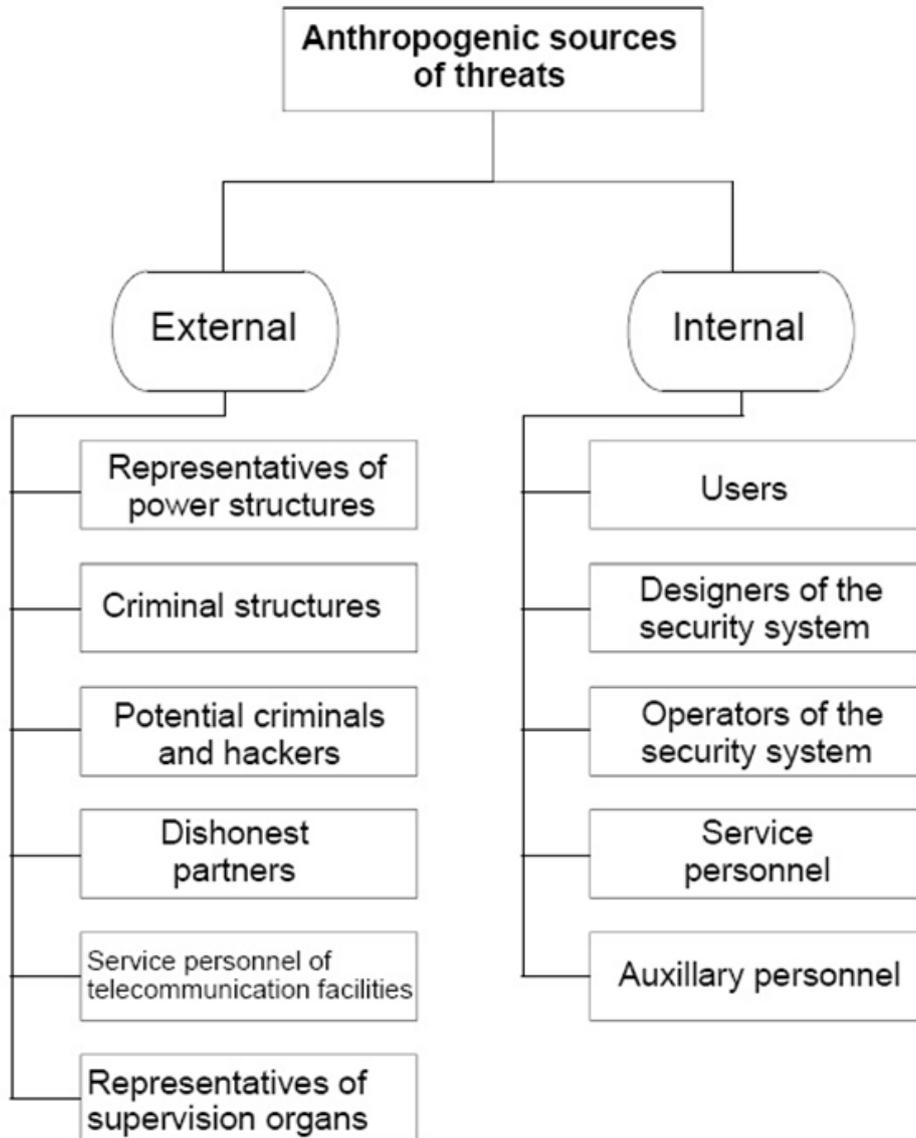


Figure 7. Anthropologic sources of threats.

The essence of the information security consisted in the protection of information by using software, hardware and firmware.

It should be noted that by engineering facilities were meant electric, electromechanical and electronic devices. These devices were divided into electronic and physical security aids. By security firmware were meant the aids incorporated into the automated system or the aids that were connected to the automated system via interface. Physical aids are the devices which are realized as self-contained units or systems (security signaling and observation systems, special door locks, guard nets, etc.)

Security software aids are computer programs intended for protection of information.

They used to assume that computer programs were primary security means. It was thought that these aids would operate more efficiently if they were incorporated into inter-system software. Hence, at first the software security mechanisms were realized being incorporated into operational systems or databases (for instance, IBM OS/360). The practice showed that the reliability of such mechanisms was insufficient.

The next stage of expansion of the framework of software security and improvement of its efficiency consisted in the differentiation of users' access to databases. For this purpose, identification of all users and databases to be protected was performed. The correlation between users' identifiers and data identifiers was established, and an algorithmic procedure was developed for determination of the loyalty to user's demands. One of the systems with such a security mechanism was system MULTIC. Three-year testing and a comprehensive study of this system revealed the mechanisms allowing circumventing the differentiation of access.

Conclusions

The analysis of the literature and other information sources in the scope of the Project convinced us once more of the topicality of the problems of the security of country's information space. Every day we feel that we are dependent on cyber space, and that the protection of this space, its security has become one of main and important functions of the state.

President Barack Obama devoted one of his speeches to the security of national infrastructure of the American Internet (May 29, 2009). In particular, he mentioned that the year before (i.e. in 2008) we had an opportunity to watch the war of the future; when the Russian tanks invaded Georgia, cyber attacks petrified governmental sites.

The study of the relevant materials showed that the information-communication sphere and the definition of basic requirements and directions call for long-term work (2-3 years) and involvement of a group of high-skilled scientists and specialists.

Nearly one-year work on the Project allowed us to define those basic directions the development of which is essential for working out the concept (strategy) of the security of country's information space.

It should be emphasized once again that the study of informational threats, the determination of the area of their action and their specific features is an essential condition for selection of the aids providing the security of country's information space and creation of security systems.

Just bearing in mind the above-mentioned, in our report we focused our attention on the sources of threats, the conditions of their occurrence and types of threats. When studying these topics, we did not find such a classification of threats that would completely represent all probable threats. We introduced new classifications of threats, which we had not found in the materials studied:

1. Duration of threat action
2. Possibility of information restoration

3. Degree of damage caused.

(These classifications are shown in Fig. 6)

Besides, one of the merits of our work is that we presented a block diagram of informational threats and information security (Fig. 3).

Our work on the Project of the World Federation of Scientists appeared to be very interesting. It laid the foundation for the work on the problems of the security of country's information space. A lot of information was collected from the literature and electronic resources. This topic calls for further investigation, which would allow us to analyze and compare investigations carried out in this field in different countries, and to reveal their advantages and drawbacks. We believe that further work on this topic will be useful and will yield interesting results.

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Security Policy of Turkey and Russia in the Black Sea Basin

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Abstract

Black Sea which had seen the struggle between the two blocks during the Cold War era, has later been an area of multilateral cooperation and conflict after the Cold War period. Black Sea that takes over by its security dimension after Russia's leaving her policy of being indifferent to her "Near Abroad", which was the followed policy immediately after the collapse of the Soviet Union, has also been discussed by time at the international level in the field of energy.

In this article, the importance of the Black Sea region, position of Russia in the post Cold War era, global change in the Black Sea region, regional security, Turkey and Russia and the U.S. regional policies, interests, and with this aspect Turkey and Russia's goals and the new strategies are analyzed.

Key words: Black Sea, Turkey, Russia, BSEC, Security

Introduction

Black Sea, which is surrounded by the Ottoman Empire (nowadays Republic of Turkey) in its south and by the Russian Empire (later USSR and nowadays the Federation of Russia) in its north and east, is in the junction of Asia and Europe and has always been the natural area for rivalry and struggle.

During the Cold War period two great powers were in effect in the Black Sea, namely NATO and Warsaw Pact. But after the collapse of Soviet Union, the number of actors in Black Sea has started to increase and the neighbouring countries of the region try to become regional powers as they carry the intention to solve their economic and security problems within the framework of their national interests. To make an analysis from the perspective of today, the powers intending to follow an active policy in Black Sea Basin can be classified as follows: Global powers: USA, European Union and Russian Federation; Regional powers: Turkey, Ukraine, Romania; international organizations: NATO, OSCE, GUAM and Black Sea Economic Cooperation (BSEC).¹

In order to understand and solve the security issues of the region, the security policies of the global powers and the new regional actors must be well analyzed. Development of cooperation and economy will help the regional countries to prosper and realize their mutual interests. Thus this will aid in solution of the security problems as the policies that enhance insecurity will surely inhibit the prosperity of the region and will not be adopted.

The security policy of Russia followed in the Black Sea region after the post Soviet period comes out basically to be a reactional policy which aims to cause failure of the strategies of the western countries and organizations related to the region. This situation lacks the strategies that would effectively supply an extensive and multi-sided regional cooperation progress. It is proposed that Moscow's following such a reactional policy in the region can be explained by Russia's disability to develop an extensive alternative Black Sea strategy yet in

response to the changing international conditions of the post September 11th era. Russia is one of the big players that has legitimate benefits in the Black Sea.

Being another country playing for influence in the region, Turkey had two objectives in mind when she started the initiative of the Black Sea Project. The first one of this was to transform the Black Sea into a sea of peace, stability and prosperity on the basis of friendly relations and good neighborhood policies. And the second the second objective was to improve and diversify economic relations between the regional states by taking the full advantages from the existing historical ties and geographical proximity amongst the states.

The Black Sea Region: The Changing Situation

In the middle of the twentieth century, the Black Sea emerged as a region of direct contact between two opposing military-political blocs: NATO and the Warsaw Pact. At that time Turkey saw the Black Sea as a border region adjacent to a “hostile encirclement”.

There were two reasons for this. First, the Warsaw Treaty Organization had collapsed. Turkey began building up relations with the former members of the alliance on the basis of bilateral agreements aimed at obtaining mutual advantages for both parties. Second, the formation of the new independent governments of Ukraine and Georgia promoted the consolidation of ties with Turkey, especially against the background of persisting political disagreement with Russia. Furthermore, in the political circles of Turkey during the 1990s, it was believed that Russia was not a stable government.²

The role of the Black Sea region in Turkey's foreign policy has changed over the course of the country's history. Turkish politicians believed that this inhibited the development of the Black Sea coast, which played an important and undervalued role in the country's economy so far.

As a result of the changing situation in the region during the 1990s and 2000s—which above all indicated a decreased security risk—it was no longer necessary for Turkey to maintain an overly close alignment of its interests in the region with the military and political strategy of the West. In Turkey, the Black Sea was increasingly viewed as a shipping corridor that would open up alternative transportation and trade routes to Eastern and Northern Europe, as well as to the Caucasus and Central Asia.

Turkish foreign policy thus saw the Black Sea region first and foremost as a hub where the most essential distribution lines converged.³

This region, where Turkey has to follow an active policy as a regional country in order to protect her interests both in the security and energy subjects, has at the same time given Turkey the opportunity to make her voice heard in the international arena and let her show that Turkey is a regional power that may influence the global politics. Turkey's protection of both her self-interests and the interests of the countries which are strategically in cooperation and the harmonization of these interests are all dependent to Turkey's continuation of the worth given to this region and generation of new strategies. Turkey, who is capable of this, will be more influential both in her region and in the global arena. Turkey's acting together with the countries which are cooperative to Turkey, especially in the resolution of the frozen conflicts in the Caucasus, will provide Turkey more political power. Another subject which is as much important as this is the development of the trade and cultural ties among the Black Sea countries. Turkey has to have new strategies in this subject too.

Development of the Region

The Black Sea Economic Cooperation (BSEC):

A Project to develop the transportation capacity and infrastructure of the Black Sea coast was to be undertaken. Turkey's active participation in the Organization of the Black Sea Economic Cooperation (BSEC) was destined to play an important role in the realization of the country's foreign-policy plans.

Established in 1992, the BSEC is the most institutionalized homegrown organization in the region. It officially became a “regional economic organization” with an international legal identity in May 1, 1999 upon entry into force of its Charter. It is the only organization that includes all the six countries in the Black Sea (Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine) as well as six neighboring countries (Albania, Azerbaijan, Greece, Moldova and Serbia and Montenegro). Poland, Slovakia, Austria, France, Germany, Italy, Egypt, Israel, Tunisia, BSEC Business Council and the International Black Sea Club have observer status.⁴

Membership has not been restricted to countries which have access to the Black: Albania, Armenia, Azerbaijan, Greece, Moldova, and Serbia do not have a coastline on the Black Sea. Montenegro's application was vetoed by Greece after Turkey vetoed the previous application of the Republic of Cyprus, prompting Greece to cease to approve future applications from any country.⁵

Within the BSEC umbrella, three interrelated and mutually reinforcing goals are aimed: to achieve cooperation rather than conflict, to support reinforcing goals are aimed: to achieve cooperation rather than conflict, to support regionalism as well as globalization, and to avoid new divisions in Europe.⁶

The organization's goal is the development of economic cooperation and trade between the countries of the Black Sea basin. In addition, BSEC devotes attention to opposing such threats to regional security as the pollution of the Black Sea, organized crime, narcotics trafficking, and terrorism. In the beginning, Turkey was an enthusiastic participant in BSEC. In particular, the project for the creation of a circum-Black Sea transport corridor was very attractive for Turkish politicians and business circles. Turkey's active participation in the Organization of the Black Sea Economic Cooperation (BSEC) had to play an important role in helping the country to realize its foreign policy goals in the region.⁷ However, the “five-day war” between Russia and Georgia in August 2008, together with a number of problems in the bilateral relations between Turkey and other members of BSEC, made the possibility of the route's realization doubtful.

The organization seeks the development of economic cooperation and trade among the countries of the Black Sea basin. However, in recent years, Turkey has increasingly criticized the BSEC for delaying the joint projects. The BSEC is a product of both globalisation and regionalism aimed at making the Black Sea area a region of peace, cooperation and prosperity.⁸

The Black Sea Naval Co-Operation Task Group (BLACKSEAFOR):

For the purpose of enhancing peace and stability in the Black Sea area, by increasing regional cooperation, and improving good relationship, the idea of establishing a multinational naval on-call peace task force “The Black Sea Naval Co-Operation Task Group-BLACKSEAFOR” has been initiated by Turkey at the second Chiefs of the Black Sea Navies (CBSN) meeting which was held in Varna/Bulgaria in 1998. BLACKSEAFOR establishment agreement was signed by Bulgaria, Georgia, Romania, Russian Federation, Turkey and Ukraine on 2 April 2001 in Istanbul. BLACKSEAFOR was first activated in Gölcük/Turkey between 27 September-16 October 2001 under the Turkish command. The second activation was held in August 2002 at Sevastopol under the Ukrainian command and the third activation took place on 3-31 August 2003 under the command of Bulgaria. The first phase of the fourth activation was held on 5-27 August 2004 under the Georgian command. The second and last phase of the fourth activation is expected to be held on 4-27 April 2005.

Upon the invitation of Turkey, the “First Political Consultations” meeting of the BLACKSEAFOR took place at the level of representatives of Foreign Ministers in Ankara on 19 January 2004 with the participation of all Black Sea littoral countries. At that meeting, the representatives of the littoral countries underlined the strategically important location of the Black Sea. The representatives also reaffirmed their common understanding that security in the Black Sea constitutes primordial importance for the littoral states and that, therefore, they should take primary responsibility for the maintenance of peace and stability in the area through the engagement of their common assets and capabilities. They further underlined the fact that

BLACKSEAFOR is an already available instrument, which can be used for the achievement of this objective through various means compatible with the overall aims of the BLACKSEAFOR Agreement. Within this context, the representatives shared the assessment that the Black Sea area should be protected against threats and challenges such as terrorism, organized crime, illegal trafficking and proliferation of weapons of mass destruction. This meeting emphasized the importance and necessity of further regional cooperation among the littorals for the creation of peace, security and stability in the Black Sea.⁹

Transport Corridor Europe Caucasus Asia (TRACECA):

The technical assistance programme for the development of the transport corridor between Europe and Asia across the Black Sea, the countries of the South Caucasus, the Caspian Sea and the Central Asian countries – the TRACECA programme – was launched in May 1993. Since then the EU has financed 62 technical assistance and 14 investments projects.¹⁰

TRACECA aims at supporting political and economic independence of the Republics by enhancing their capacity to access European and World markets through alternative transport routes, encouraging further regional co-operation among the partner countries and increasingly being a catalyst to attract the support of International Financial Institutions (IFIs) and private investors.

The year of 2008 in the life of TRACECA is notable by such significant events as 15th Anniversary of the TRACECA Programme and 10th Anniversary of signing the “Basic Multilateral Agreement on International for Development of the “Europe-the Caucasus-Asia” Corridor”.¹¹

The strategic framework of the Intergovernmental Commission (IGC) TRACECA comprises a number of pillars in order to achieve by 2015 the desired objective of delivering a sustainable, efficient and integrated multimodal transport system at both the EU and TRACECA levels:

Assisting in the development of economic relations, trade and transport communications in Europe, Black Sea region and Asia

Ensuring access to the world market of road, rail transport and commercial navigation

Ensuring traffic security, cargo safety and environment protection

Harmonisation of transport policy and legal structure in the field of transport

Creation of equal conditions of competition for transport operations

The TRACECA transport corridor is another strategically important project for Turkey on the Black Sea. For the realization of this project, BSEC and shipping agreements with Russia are at odds. TRACECA assumes the construction of a transport corridor connecting Central Asia with continental Europe via the South Caucasus. However, for the moment the project has encountered definite problems. First, the construction and installation of the stretch of railroad on the Georgian-Turkish border is dragging on; second, an active campaign of modernization and expansion of the Turkish railroad system is necessary; third, the presence of the Turkish Straits slows the speed of conveyance between Europe and Asia (we do not take into consideration combined or intermodal transport on the Black Sea).

Simultaneously, construction of an underground tunnel under the Bosphorus met with certain difficulties. In the long term, the realization of the Trabzon-Batumi railroad construction project could make a perceptible contribution to the development of transport on the Black Sea coast of Turkey and the Caucasus.¹²

Turkey and Russia

Turkish-Russian relations were transformed in a unique way during the aftermath of the Cold War era and there was a dilemma in bilateral relations in the early 1990s. The two countries were seemingly rivals in the newly emerging geopolitics of the Eurasia, while cooperating in the economic realm in an ever increasing



manner. The relationship between the two countries was shaped by a combination of cooperation and rivalry.¹³ The strongest point of cooperation was the increase in trade relations. At the core of the rivalry between Russia and Turkey was the odd perception of the geopolitical roles pitted against each other as well economic matters such as energy.¹⁴

The new foreign policy orientation of Turkish policy-makers has provided the impetus and the political will to develop better relations with Russia. In their perception of Russia, Turkish policy-makers emphasize adopting a good neighborhood and zero- problem policies in the bordering regions.¹⁵ Turkish politicians have also made developing bilateral political and economic relations with Russia a priority. Furthermore, they also think of Russia as a necessary partner for regional peace and stability in Eurasia. Russia “as an important country from the perspectives of trade, investment, tourism, and energy security” for Turkey.¹⁶

Turkey is pursuing—and will continue to pursue—its own goals and interests in dealing with Russia.

· Main spheres of cooperation: The core of Russian-Turkish cooperation includes the areas of energy and tourism, as well as construction and contracting work carried out by Turkish companies in Russia. Trade in Turkish agricultural products, light industrial goods, and textiles also play an important role in bilateral relations.

· Turkish-Russian projects: The decisions to create the Samsun-Caucasus rail transport ferry, as well as the Russian-Turkish customs and logistics centers in the Krasnodar and Rostov regions in Russia, look promising from the economic point of view.

· Regional security: The Agreement on Participation in BLACKSEAFOR (the Black Sea Naval Co-operation Task Group) was signed by Bulgaria, Romania, Ukraine, Russia, Georgia, and Turkey. The intended function of BLACKSEAFOR is organizing humanitarian missions; providing relief to disaster victims; locating mines; fighting terrorism, contraband, and illegal migration; and seeking to reduce environmental pollution in the Black Sea region. Despite the formation of this multi-national task force, the Turkish armed forces regard the Russian Navy as their main partner in the area and the most powerful force on the Black Sea. Since 2006, the Russian Navy has taken part in the Black Sea Harmony exercises, which are organized by Turkey.¹⁷

However, for all of its statements about establishing a “strategic partnership” with Russia, Turkey remains a serious economic and geopolitical competitor to Russia in the Black Sea region and the South Caucasus.

Turkey and USA

During the Cold War, Turkey and the United States had a close cooperation. It seems that military partnership was the most important part of this cooperation. The two countries were close allies against the common threat of the former Soviet Union. At the end of the Cold War, in place of US-Soviet rivalry and the dividing lines that differentiated the Western world from the Soviet bloc, they faced new conditions. Thus more than being allies, a new concept called 'enhanced partnership' was introduced in 1991 to the Turkish-US relations, which has widened the content of partnership behind security.¹⁸ U.S.-Turkey relations have developed over the past decade.

Especially in the Black Sea region, the United States and Turkey have been working together to advance democracy in Georgia as Georgia pursue their NATO aspirations. Turkey can play an important role in resolving the conflict in Abkhazia, drawing on its large Abkhaz Diaspora, which is anxious to invest in Abkhazia, Georgia, and thereby stimulate cooperation and reconciliation. More broadly in the Black Sea, the United States strongly supports Turkey's leadership in Operation Black Sea Harmony to foster maritime security cooperation with Russia, Romania, Ukraine, Bulgaria, and Georgia against threats of proliferation and terrorism. US also welcomes strong information sharing between Operation Black Sea Harmony and NATO's Operation Active

Endeavor in the Mediterranean Sea.¹⁹

After the collapse of the Soviet Union, Russia's vision and policy toward the Black Sea region (BSR)

The Black Sea region constitutes the most crucial area in Russian foreign policy due to its geopolitical and geo-economic importance and specific Russian interests during the period of systemic transformation following the collapse of the USSR.²⁰

In the two decades after the collapse of the Soviet Union, Russia's vision and policy toward the Black Sea region (BSR) has gone through at least four stages:

- The “initial phase:” 1991 (or even 1988) – 1994, characterized by the emergence of armed ethnic conflicts, their “freezing,” and the establishment of a new post-Soviet status quo;
- The “Chechen” phase: 1995 – 2002, when Russia mainly viewed the situation in the BSR through the prism of the Chechen war;
- The “recovery” period: 2003 – 2008, when Russia began acting along several dimensions. Though loosely connected in practice, these activities were marked early on as a high priority in Russia's strategy. As early as September 2003, then Russian President Vladimir Putin referred to the Azov-Black Sea region as a zone of Russia's “strategic interests.” He stressed that the Black Sea provides Russia with a direct exit to its most important transport routes, and thus that an effective security system is needed for the region;
- New active regional strategy phase: August 2008 - present, beginning with the five-day war in the Caucasus.

A new BSR strategy closely coincides with the main characteristics of Russian foreign policy: it is very assertive, based on principles of realpolitik, and clearly geo-economically and geopolitically motivated. More than any other dimension of Russian foreign policy, the BSR strategy is geographically-based and viewed as a strictly regional project, although it possesses global aspects and provides Russia with global options. Underpinning this strategy is the notion that Russia has more rights.²¹

From a military-security perspective, Russia proclaims that its main interest is in keeping the Black Sea a peaceful and stable area with an open and direct exit to the Mediterranean and Atlantic Ocean. In other words, for now and the foreseeable future, Russia is interested in preserving the status quo. Indeed, for the last five years, Moscow has demonstrated its cooperative intent in the framework of the “Black Sea Harmony” and “Active Endeavour” military exercises with other Black Sea states and the North Atlantic Treaty Organization (NATO). At the same time, a number of events before and during the five day war demonstrated the military threats to Russia's interests that exist in the BSR:

- Turkey's decision to allow U.S. ships to pass through the Dardanelles to support Georgia brings into question one of the oldest BSR agreements, the 1936 Montreaux Convention restricting naval traffic of non-Black Sea nations;
- The Russian-Ukrainian dispute over the Strait of Kerch concerns the same risk, i.e. that Russian vessels will not be allowed to travel from the Sea of Azov to the Black Sea;
- The expansion and utilization of military bases by the United States in Romania and Bulgaria was perceived by Russia as an exploitation of the Conventional Armed Forces in Europe (CFE) treaty and a violation of the Russia-NATO agreements of 2002;
- The Russian-Ukrainian Treaty on the Black Sea Fleet, due to expire in 2017, is another headache for Moscow. A number of authoritative Russian admirals consider the new Russian naval base under construction in Novorossiysk as militarily unsuitable for a number of meteorological and geographic reasons;²²

Finally, Russia remains one of the three – and in the long-term, potentially only – non-NATO country in the region. From a military-political point of view, Russia perceives NATO, Ukraine, and Georgia as actors who aim to change the status quo.

To understand what Black Sea means for Russia, the picture will be completed if we analyse the problems encountered with Ukraine lately within the framework of invasion of Georgia August 2008. Russia attacked Georgia not only from the land but also from the sea and believed to have solved the problems through realizing successful military operations in a very short time. One of the basic security problems of Russia in Black Sea is existences of Russian navy in Sivastopol. Even though Ukraine asked Russia to remove the navy from Sivastopol immediately after getting independence, the problem could not be solved so far. Second problem on respective issue burst out on June 2009. Ukraine asked Russia to remove her forces responsible for security of the navy starting from 13 August 2009. Understanding the importance of the situation, Russia started to increase its Novorossisk navy forces. At the same time, Russia started to murmur about natural gas debt of Ukraine and stopped supplying natural gas to the country. Upon this, Ukraine stopped operations of pipeline that carry Russian gas to Europe. The problem between two countries suddenly became the problem of whole Europe. Member countries of EU started to make pressure on Ukraine and Russia for solving respective problems as soon as possible.

While summarizing Black Sea security policy of Russia, its invasion and withdrawal from Georgia in recent past, recognition of independence of Abkhazia and South Ossetia, concluding navy agreement with Ukraine show that Russia has started to practise active policy. The main problem is up to where and when Russia can follow this policy with its weakening economy in global economic crisis.

Conclusion

In the contemporary world politics, Black Sea is a pivotal region for the global powers. After the dismemberment of USSR the number of the coastal states of Black Sea has increased much and besides the former coastal states not only USA, EU and Russia but also many other global and regional powers like Turkey and coastal countries are nowadays in struggle for the sake of Black Sea which has strategic significance.

The importance of the Black Sea basin is increasing by time. The Black Sea being the transport route of the Caspian Basin and Central Asian oil and gas to the Western markets is a dynamic region in the control of energy. Besides the oil reserves recently found in the Black Sea has even increased its importance in the energy subject. The Black Sea is in a location which permits the direct control of Caucasia.

As we see, Black Sea Region is very important and indispensable for both Turkey and Russia. The future of Turkey-Russia relations are determinative for the Black Sea cooperation and security.

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Chapter 2: Security and Stability Policies, Anti-Terrorism Policy, Conflict Resolution Policy

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Border Policy of Azerbaijan Republic From the Point of Stability in Caucasus

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Abstract

Border policy plays very important role for each states from the perspective of stable and secure relations with neighbouring countries. However, for newly independent countries it is much more important and gives a new challenges and tasks. As, Azerbaijan held its independence recently after the fall of Soviet Union of course such kind of issue is highly important for it, too. This article will try to scrutinize border policy of Azerbaijan government after independence. Actually, Azerbaijan conducts balanced policy, so it has good relations with all bordering countries except Armenia because of war between them. Meanwhile Azerbaijan has demilitertion and demarcation problems with bordering countries and thus also will be discussed in this article as well.

Managing borders in the XXI century is too complex and difficult. It is widely agreed that in a globalising world borders should be as open as possible; yet over the last decade governments have understandably been more anxious than ever to ensure that their frontiers are secured against threats.

Actually, border policy is very important for every state from the perspective of stabile and secure relations with neighbouring countries. However, for newly independent countries it is much more important. As, Azerbaijan held its independence recently - after the fall of Soviet Union in 1991, of course, such issue is highly important for it too.

With the collapse of the Soviet Union and the fall of communism, the restoration of the independence was perhaps one of the greatest achievements in the history of the modern Azerbaijan, but it also brought new challenges and tasks ahead of the young country. Meanwhile, since 1991 Azerbaijan faced reorganization of its minuscule foreign policy establishment. This process involved creating its foreign policy priorities, establishing full diplomatic relations, opening new embassies and so on. A central area, however, which rendered itself, immediately after independence, was the ratification of state borders.

Generally, Azerbaijan is bounded by the Caspian Sea to the east, Russia to the north, Georgia to the northwest, Armenia to the west, and Iran to the south. Moreover, The Autonomic Republic of Nakhchivan is bounded by Armenia to the north and northeast, Iran to the south and southwest and Turkey to the northwest. Furthermore, Azerbaijan shares ses borders with Russia, Iran, Turkmenistan and Kazakhstan.

As Azerbaijan conducts balanced policy, it has good relations with all bordering countries except Armenia because of war between them. However, Azerbaijan has demilitertion and demarcation problems with some bordering countries. In fact, Azerbaijan had delimitation and demarcation problem of borders with Russia, Georgia and Iran, except Turkey. In addition, Azerbaijan, Russia, Kazakhstan, Iran and Turkmenistan had to ratify the sea bed boundaries in the Caspian Sea.

The delimitation and demarcation of state borders with bordering countries was extremely difficult to resolve within the first years of independence. War between Armenia and Azerbaijan made impossible to solve



this problem at that time. The first attempts only came after the signing ceasefire between Azerbaijan and Armenia in 1994. After the ceasefire Azerbaijan government tried to reach an agreement with bordering countries and therefore, established the commission on delimitation and demarcation of borders within the State Land and Cartography Committee.

As previously indicated, with Armenia Azerbaijan has not so much a border as a front line. Even the borders with Armenia in the Nakhichevan sector are closed and resemble a bristling border. Indeed, as a result of war Armenia occupied 20% of Azerbaijani lands in Nagorno-Karabakh and neighbouring and surrounding regions, which were homogeneously Azeri-populated. Though there is a ceasefire since 1994 and negotiation, still this problem stays unresolved and Armenia controls occupied Azerbaijani territories.

Meanwhile, this conflict has resulted to a considerable refugee crisis in Azerbaijan especially, with the number of displaced persons exceeding one million, ethnic cleansing and massive human rights violations have been reported on the territories. Moreover, Nagorna - Karabakh and 7 surrounding regions became "uncontrolled zone". According to the investigation of researchers and high officials of Azerbaijan republic this zone is used by the Armenians' for growing narcotics and transiting it (Novruzoglu, 2002). Armenian and Iran dealers are engaged in narcobusiness in the occupied Azerbaijan territories. Besides growing and transit of narcotics in the occupied areas, Armenians create terror camps in these areas, trade on children and women. (Hasanov, 2010) All above mentioned facts indicates that uncontrolled zone in Nagorna - Karabakh and surrounding regions remains one of the greatest threats for the security and stability in the Caucasus. The security and stability in this region just could be obtained after the solution of this conflict.

Azerbaijan had delimitation and demarcation problem of borders with Russia too. The length of the state border between Azerbaijan and Russia is 390 km. Actually, negotiation on defining the 390-km state border had been going on for years from the beginning of 1996, but the question could not find a positive solution during 14 years. Three points were not coordinated on Azerbaijan-Russia borders, as well as protection of the water of Samur River. There was discussion of the legal status of the border villages of Khrakh-oba and Uryan-oba (Markedonov, 2010). However, Russia has become the first country after the breakup of the Soviet Union to sign a treaty with Azerbaijan on borders. The delimitation agreement was signed in Baku on 3 September 2010 by the presidents of two countries (Popov 2010). The delimitation documents have been introduced into the parliaments of Azerbaijan and Russia for ratification. After their ratification, the sides will commence the process of demarcation of state borders. It is expected to start work in this direction in the second half of 2011. According to this ratification Russian and Azerbaijan government come to agreement about useful utilization and protection of the water of Samur. Furthermore, Russian side made concessions to Azerbaijan on the demarcation of borders. Though the historical border of Dagestan ended in the right bank of the Samur River, now the border is considered the centre of bridge over the river.

During the negotiation period the main problem was the clarification of the legal status of the villages of Khrakh-oba and Uryan-oba. These two villages were historically part of Khachmazskiy Rayon (Azerbaijan) and had been temporarily transferred to the Dagestani ASSR as pasture land in 1954. In 1984 the Council of Ministers of the Azerbaijani SSR extended the term of the previous document by a further 20 years and the term ended in 2004 (Khalilov 2011). The inhabitants of these villages were ethnic Lezgins, who also inhabit Dagestan. By the beginning of the 2000s many of them had obtained Russian passports. After August 2008 there was much speculation in the media on the subject of a repetition of the South Ossetian story in Azerbaijan. However, after the signing of agreement between two countries this speculation come to an end. Both villages remained on the territory of Azerbaijan Republic and now the residents of the villages Khrakh-oba and Uryan-oba have to choose either the Azerbaijani or Russian citizenship. Till today 4 residents of Uryan-oba have got Azerbaijani citizenship, but 280 residents of Khrakh-oba still got Russian citizenship. Due to the recent migration act of Azerbaijan republic, if these people don't choose Azerbaijani citizenship, then they will be considered as a labour immigrant or will be deported from Azerbaijan (Letifov, 2011). At the beginning of 2011

the residents of Khrakh-oba held a demonstration at Mahachkhala demanding Russian government to protect their rights. As this problem remains unresolved, the security issue in Caucasus is again under threat.

With Georgia Azerbaijan has no territorial disputes, there are some outstanding areas of the border between the two countries. The commission on delimitation and demarcation of borders between Azerbaijan and Georgia had been functioning since 1996. The total border between Georgia and Azerbaijan is 480 km. Approximately 300 km of borders or about 65% of the total length of the border had been solved, work continues on 180 km. There are some territories that countries have different approaches and some territories just waiting optimal solution.

The main dispute of delimitation borders between Azerbaijan and Georgia is in Davud Garedji Monastery and Kvemo Kartli. The negotiation parts still work on these issues. The meetings of commission on delimitation and demarcation of borders between Azerbaijan and Georgia are more intensified in order to discuss and solve disputed and uncoordinated issues. Concerning to Davud Garedji Monastery that consists of several complexes and two of them situated in borderline is one of the main problems between two countries. For Georgia this Monastery is not just a historical building, but also it has religious importance. The monastery complex holds strategic significance for both Azerbaijan and Georgia. From the Udabno/ Keshishdag ridge (813-meter-high) where part of the border passes, both Azerbaijani and Georgian territory can be easily monitored. So, to hold on to the churches on Georgian territory, Tbilisi has proposed giving Azerbaijan an as yet publicly unspecified section of Georgian land near the Azerbaijani border. According to mass media information Georgian side wants compromise on the village Erisimedi, Signagi region which is the other disputable territory, in exchange for Davit Garedji Monastery (Gumbaridze, 2007). Azerbaijani officials, however, state that they are unwilling to consider the exchange.

The village Erisimedi located on the bank of Alazan River in the Signaghi district of Georgia is disputable territory again. Half of the village is situated on the disputable territory, so registration became necessary for the travelling to Erisimedi. There is a Border Police checkpoint at the entrance to the village, and Erisimedi residents or other Georgian citizens who want to enter the village now need identity cards and special registration to do this. The residents of Erisimedi are very furious and complain that even locals cannot enter the village without taking border control and a guest cannot visit them (Chkareuli, 2010). Besides it livestock are lost rather often and there were cases when local residents were arrested. Even one resident of Erisimedi, a 17-year-old shepherd who walked to the borderline following the cattle was shot by the Azerbaijani border guards. The above mention facts prove that there is a security problem between Azerbaijan and Georgian borderline as well and it should be solved as Azerbaijan and Georgia are two neighbouring countries that lived in a friendly neighbourhood and friendship condition during the history.

Actually, Iran and Azerbaijan have no border dispute on land, but they dispute over Caspian Sea division. The length of the state border between Azerbaijan and Iran is 765 km. Meanwhile, in the course of the Nagorno-Karabakh conflict Armenian forces, occupying five districts neighbouring on Karabakh entirely and two partially, took control of the former USSR border with Iran on the River Araks. As a result, Azerbaijan today doesn't control that part of borders with Iran.

Moreover, Iran and Azerbaijan have problem on division of the sea bed boundaries in the Caspian Sea. During the Soviet period the Caspian Sea was divided according to Soviet and Iran agreements signed in 1921 and 1940. However, after the dissolution of Soviet Union the officials of newly independent countries - mainly Azerbaijan and Turkmenistan - stated that they didn't agree with the division of Caspian Sea on the base of these agreements. Appropriately, in 1998 the Azerbaijan government declared that, the Caspian Sea seabed should be divided along a median line into five sectors as it is an international lake (Andrew, 2006).

Creation of a seabed boundary with Kazakhstan, Turkmenistan, Iran and Russia in the Caspian Sea is very complex. The sea bed boundaries in the northern Caspian have been agreed, facilitating major oil and gas



operators. Equidistant seabed treaties have been signed with Kazakhstan and Russia in 2001, but no resolution has been made on dividing the water column among any of the littoral states. However, Azerbaijan, Turkmenistan and Iran have failed to agree boundaries in the southern Caspian and continue to vie for over hydrocarbon resources and valuable fish stocks. Iran continues to insist on an even one-fifth allocation and challenges Azerbaijan's hydrocarbon exploration in disputed waters (Sumerinli, 2011).

As Shaffer (2003) indicated, the dispute with Iran began when Azerbaijan has objected to Iran's decision to award Royal Dutch/Shell and Lasmo a license to conduct seismic surveys in a region that Azerbaijan considers to fall in its territory. Furthermore, Azerbaijan and Iran argue over Araz, Alov, and Sharg concession. The negative tone in the bilateral relations reached its peak in 2001 when Azerbaijani research ships and an Iranian gunboat had a small confrontation across their maritime border in a disputed oil field. The Iranian boats attacked the Azerbaijani vessel in the southern Caspian, which was doing exploration works in Alov field. Actually, it was a British Petroleum (BP) ship, licensed to explore these concessions, and ship was ordered to leave the area by an Iranian gunboat, since Iran considers the area, which it calls Alborz, to be a part of the Iranian sector of the sea. Subsequently, Iranian jetfighters repeatedly violated the airspace of Azerbaijan and threatened the security of Azerbaijan. Only after the Turkish and American political support, the Iranians backed down. Consequently, relations with Iran have slowly recovered since this incident. According to Ariel (2010) the two sides have recently been working to establish the boundary line in the southern Caspian through diplomatic means.

As for the sea border that Azerbaijan shares with Turkmenistan in the Caspian Sea is also very confused. Although both Azerbaijan and Turkmenistan agree that the Caspian Sea should be divided into five sectors, they couldn't reach an agreement on definition of national sectors. As early as 1992 the Government of Turkmenistan sent Azerbaijan a document on territorial delimitation of the Caspian by a median line. For years now the two republics have been arguing about the oil and gas deposits in the Caspian Sea. Turkmenistan and Azerbaijan have traded harsh words over the Kyapaz (Serdar in Turkmeni), Khazar, and Osman fields that both consider theirs as well.

Apparently, Azerbaijan recognized the unlikelihood that a solution to the Caspian dispute would ever achieve the consensus and entered into a deal with Russia. On July 4, 1997 tensions flared in the South Caspian when a treaty on joint development in the Caspian was signed by Russia and Azerbaijan that involved the State Oil Company of the Azerbaijan Republic (SOCAR) and the Russian companies Lukoil and Rosneft and provided for the development of the Kapaz (Serdar) field. Subsequently, Turkmenistan's Ministry of Foreign Affairs issued a note of protest on July 5, 1997 and Turkmenistan's president S. Niyazov sent a letter to Azerbaijan Republic President H. Aliyev with the restatement of their position and visited Moscow. (Kochumov, 1998) As a result, this treaty later declared invalid because of Russia's refusal to participate in it. Though Azerbaijan and Turkmenistan still today continue the negotiation over the Caspian Sea division, unfortunately, they didn't reach an agreement. Even in the summer of 2009 official Ashgabat announced its intention of appealing to the International Court of Arbitration to uphold its rights to disputed fields.

Summing up all above mention facts it is important to state that to achieve security and stability in Caucasus might be very difficult process. Though Azerbaijan conducts balanced policy with all its neighbouring countries, still there are lots of problems waiting to be solved. The main threat to security and stability in Caucasus is Nagorna - Karabakh problem and without its peaceful solution the stability and security couldn't be obtained. Another difficult issue is to divide Caspian Sea boundaries and to reach an agreement with Turkmenistan and Iran.

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Energy security in the Caspian region

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Abstract

Energy security is an important issue in economic relations between individual countries. With energy rising prices, major consuming states are struggling to come up with effective long-term energy policies. In the second half of the 1990s, the global public grew aware of the energy potential of the Caspian region, which contains some of the largest undeveloped oil and gas reserves in the world. Not only countries but also a large number of international corporations invested in energy projects in the region. Newly independent states in Central Asia and the Caucasus hoped their oil and gas resources would help them secure economic growth and political independence.

The growing energy needs have given Turkey, the United States, China or European Union a strong interest in developing ties with energy - producing states in the Caspian Region to build necessary pipeline infrastructure. The lack of consensus on a legal status of the Caspian Sea is a main obstacle in developing the energy potential of the region. The Caspian's growing production will undoubtedly contribute to the diversification of oil and gas supplies and to the global energy security.

Energy security

Security is one of the most important terms in political science, international studies, economy or, more broadly, in social sciences in general. There are many definitions, which evolve due to the changing nature of security as an entity, state, process and phenomenon. During the westphalian international system, it was easy to answer the question: what is the security and who is the subject of the security policy.¹ The security meant the lack of danger, and the state was the only producer and the subject of it. Only centralized state and its territory was protected by the security policy. The security of the state was a zero sum game.² The security of one state marked the insecurity of the other one. Military power was a key element of the state security. Today, in the new latewestphalian international system, security is something more. Now we should spill security issues over into other sectors, which are fundamentally different from military ones.³ Security is a multidimensional idea which needs a political, economical or societal and cultural dialog between and within states, civilizations and other actors on the international scene.

Nowadays, energy security is a growing concern in the state foreign policy. With energy rising prices, major consuming states are struggling to formulate effective long – term energy policies.⁴ The interdependency in the energy field is a very important dimension of the contemporary relations between states and transnational corporations. Upstream and downstream investments have no borders or limits. Thereby, there is a necessity to improve a dialog between producers, consumers and transit states to ensure the energy security. Nowadays, private companies are very influential actors in producing and delivering energy to consumers.

Energy security is a quite new term used in international relations a few years ago. According to the most analysts, it means “assured delivery of adequate supplies of affordable energy to meet a state's vital

requirements, even in times of international crisis or conflict”.⁵ The European Commission defines energy security as “the ability to ensure that future essential energy needs can be met, both by means of adequate domestic resources worked under economically acceptable conditions or maintained as strategic reserves, and by calling upon accessible and stable external sources supplemented where appropriate by strategic stocks”.⁶ We can also describe energy security as “the reliable and affordable supply of energy on a continuing, uninterrupted basis”.⁷ Analyzing the term of energy security we should underline, that it is strongly connected with the economy security. Sufficient supplies of energy are inherent elements of the economical development of every state and nation. It is estimated, that the world energy consumption is expected to grow by 72% between 2003 and 2030. According to the British Petroleum (BP) Statistical World Review of Energy, the main sources of world primary energy consumption is oil (34,8%), coal (29,3%) and gas (24,1%).⁸

To ensure the energy security, every consumer state should diversify sources of supplies. Being addicted to only one energy producer is very dangerous from the economical point of view and makes state vulnerable to political pressure. Thereby, energy security also incorporates a foreign policy dimension in terms of maintaining good relations with various energy producing states.

World oil and gas production is mostly concentrated in politically unstable regions: Africa, Persian Gulf or Caspian Region. It is connected with the risk to the uninterrupted flow of energy supplies.⁹ Oil and gas facilities become a target of attack by insurgents, terrorists or separatist groups. According to R. Ebel from the Center for Strategic and International Studies, “pipelines are very soft targets”.¹⁰ That is why the need to protect the production and transportation infrastructure will probably grow.

Analyzing the energy security of the state we should take into consideration the perspective of the energy producers. Their aim is to diversify the export routs and create the encouraging investment climate in the state energy market. For most of the exporters, benefits from the energy production and trade are the most important elements of their security and prosperity in economical dimension. Transit states are also very important players in the energy market. Because of their geographical position between producers and consumers of energy resources, they are indispensable element of the global energy security.

There are some important energy security indicators which include:

the proportion of imported energy fuels in the energy balance sheet;

the degree of diversification of: sources, transmission channels, the energy commodities used to produce energy;

supply stability (transit, political factors);

the share of energy from renewable sources in the overall energy balance sheet;

the price of energy;

the amount, sufficiency and share of energy fuel reserves;

the reliability of power networks;

energy efficiency;

the concentration of energy-intensive industries;

the international commitments related to the development of energy resources;

the adequacy of energy strategy priorities;

adequate investment outlays and other (economic, political) resources invested relative to the future internal energy demand;¹¹

Those indicators have to be analyzed and interpreted as a whole, because they are all complementary.



Energy potential of the Caspian region

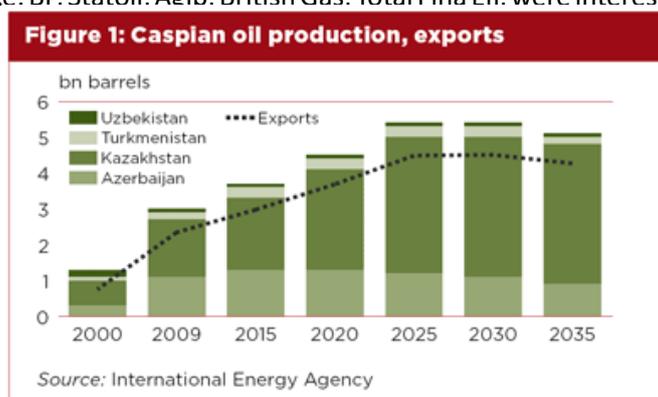
The Caspian region has the opportunity to make a significant contribution to ensuring energy security in the global dimension. Early oil activities were concentrated on the Absheron Peninsula of Azerbaijan, around the town of Baku. The Baku region, was accounted for half of the world's oil production in 1900.¹² The oil companies had been interested in Baku since XIX century. The Noble brothers, the Rothschilds and the Royal Dutch Shell helped Russia in developing Caspian energy resources.¹³ Oil had also a strategic value in both world wars. The German army sought unsuccessfully to capture the Baku region. It was the main reason for its defeat in 1918 and 1945.¹⁴ Since 1950s, after Russia discovered big oil reserves in Siberia and Ural regions, investments and production in the Caspian region decreased.¹⁵

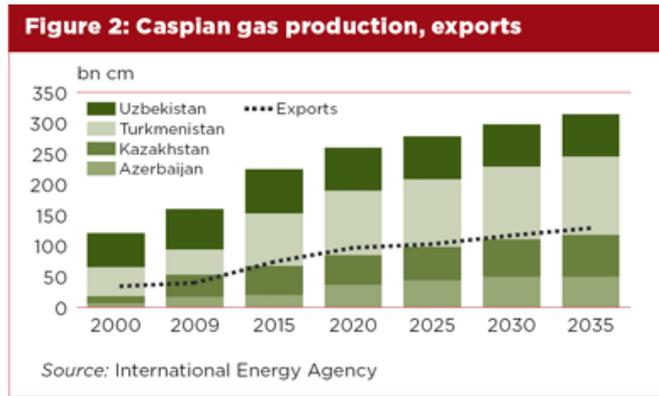
The end of the Cold War changed the geopolitical situation in the Caspian region. New states appeared on the wreckage of the Soviet Union in the Caucasus and Central Asia. The new game started, the rules of which were not known yet. There was also a lack of clearly defined mechanisms for preventing regional conflicts, instability within the new states, and tensions among them. It created a serious risk of international military clashes and widespread civil war in the heart of Eurasia. That is why Z. Brzeziński called it: "Eurasian Balkans".¹⁶

Nowadays, five states share the Caspian Basin: Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. Their common aim is to explore and develop the region's hydrocarbon resources.¹⁷ The region is surrounded by nuclear powers: China, India, Pakistan and the not nuclear, but important regional player - North Atlantic Treaty Organization (NATO) member, Turkey.

Because of the geopolitical position between East end West of Eurasia, the Caspian region plays a special role in the contemporary international relations. It became open to the world energy market. The Caspian basin is estimated to be the world's third largest source of oil and natural gas after Persian Gulf and Russia.¹⁸ According to International Energy Agency (IEA), it is the world's largest undiscovered reservoir of energy resources.¹⁹ In the World Energy Outlook it is estimated, that Caspian oil production will grow from 2,9 million barrels per day (mb/d) in 2009 to 5,4 mb/d between 2025 and 2030.²⁰ Caspian natural gas production is also projected to grow, from an estimated 159 billion cubic meters (bcm) in 2009 to nearly 260 bcm by 2020 and over 310 bcm in 2035.²¹ There are also some potential barriers to the development of the energy resources in the region. The complexities of financing and constructing pipeline infrastructure passing through several states, or uncertainty of the investment climate and export demand, could effectively constrain the expansion of the Caspian energy market.²²

There is an important role of the transnational companies in developing the Caspian energy resources. BP and Statoil took a pioneering role in development of Azeri, Chirag and Guneshli oil fields. BP also participated in finding the Shah Deniz gas fields in Azerbaijan. Kazakhstan also attracted serious interest. The American Chevron Texaco company together with ExxonMobil, agreed to developed the Tengiz oil field.²³ Kashagan is another source of oil, which offers a certain potential to become perhaps the world's largest oil field. That is why many corporations, like: BP. Statoil. Agip. British Gas. Total Fina Elf. were interested in investments there.²⁴





Source: <http://www.petroleum-economist.com/default.asp?page=14&PubID=46&ISS=25725&SID=72754> (03.04.2011).

Table 1. Gas potentials of the Caspian states

billion cubic metres	proven reserves	potential reserves	eksports 2002	exports 2010
Kazakhstan	1 910,3	2 498,9	6,1	36,0
Turkmenistan	2 009,3	7 496,9	38,8	93,4
Azerbaijan	849,0	990,5	0,0	14,2
Russia	47 544,0		182,4	
Iran	26 602,0		1,3	10,0

Source: A. Łoskot, „Turcja – korytarz tranzytowy dla surowców energetycznych do UE?”, Prace OSW 2005, no 17, p. 6.

Table 2. Oil potentials of the Caspian states

Million tones	proven reserves	potential reserves	exports 2002	exports 2010
Kazakhstan	4 000,0	12 551,2	40,0	85,0
Turkmenistan	150,1	5 184,2	2,8	7,5
Azerbaijan	1 364,3	4 365,6	10,4	50,0
Russia	9 549,8	20 463,8	188,4	
Iran	17 162,3		94,6	249,0

Source: A. Łoskot, „Turcja – korytarz tranzytowy dla surowców energetycznych do UE?”, Prace OSW 2005, no 17, p. 6.

Table 3. Main Caspian oilfields potentials

Country	Field	Recoverable resources (billion barrels)
Azerbaijan	Azeri-Chirag-Guneshli	5,4
	Shah Deniz	2,5
Kazakhstan	Tengiz Field	6-9
	Karachaganak Field	2,5
	Kashagan Field	13
	Kurmangazy Field	6-7
	Uzen Field	7
	Kumkol Field	0,1
	Zhanazhol Field	3

Source: G. Hall, T. Grant, “Russia, China and the Energy – Security Politics of the Caspian Sea Region after the Cold War”, Mediterranean Quarterly 2009, no 2, p. 66.

Legal status of the Caspian basin

The lack of consensus on the legal status of the Caspian Sea (or Lake) is the main obstacle of the energy market development in the region. Geographically, it is a salt lake covering about 375,000 square kilometers, bordered by Elburz Mountains of Iran to the south and the Caucasus to the northwest. The Volga River flows into it from the north forming a large delta near Astrakhan.²⁵

In accordance with the agreement between Russia and Iran in 1921 (Friendship Treaty) and 1940 (the Treaty of Commerce and Navigation), the Caspian basin was only open to their own vessels and was closed to the rest of the world.²⁶ Those treaties did not involve the development of mineral resources under the seabed. Agreements did not also differentiate between warships and passenger or transport ships. The two states reserved a twelve-mile zone along their coasts for the exclusive fishing rights.²⁷

Nowadays, after the collapse of the Soviet Union, we have three new Caspian littoral states: Kazakhstan, Turkmenistan and Azerbaijan. The largest hydrocarbon resources are situated in the Azeri and Kazak sectors and to a lesser extent in the Turkmen sector of the Caspian. Russia and Iran are estimated to have fewer deposits.²⁸ Developing energy resources is considered crucial to the economic and political survival of the newly independent states.²⁹ Thereby, there is a heated debate on the legal status of the Caspian basin. The question is whether it is a sea or a lake. According to the United Nations Convention on the Law of the Sea, states bordering a sea may claim twelve miles from the shore as their territorial waters and beyond that, a two hundred miles as their Exclusive Economic Zone.³⁰ If the Law were not applied, the Caspian and its resources would be developed jointly, as an condominium.³¹

The problem with boundaries in the Caspian basin appeared with the dissolution of the Soviet Union in 1991.³² The legal status of the Caspian has become a key issue not only for littoral states but also for the international companies especially after the agreement between Azerbaijan and BP-led consortium (Azerbaijan International Operating Company) in 1994.³³ Russian policy in the Caspian has varied over time. In 1996 it proposed that within a forty-five miles coastal zone each littoral state will have sovereign rights and could develop the seabed resources.³⁴ The central part could be developed by a joint companies of the five littoral states.³⁵ This proposal was rejected by Azerbaijan, Kazakhstan and Turkmenistan. After this, Russia proposed to divide the seabed and its resources along the “median line”, which runs across the seabed at the same distance from both opposite shores (map 1).³⁶

Map 1. Median line division of the Caspian basin



Source: Caspian Sea yet to see new discoveries, <http://www.eurodialogue.org/56> (03.04.2011).

In accordance with this conception, Russia signed an agreement with Kazakhstan in 1998 and with Azerbaijan in 2001. Those three states decided, that the Northern Caspian would be open for investments. In 2001, the leaders of Russia and Iran declared, that until the legal regime of the Caspian is finalized, the two states do not officially acknowledge any boundaries there.³⁷ Turkmenistan and Iran declared, that Caspian basin should be divided on the basis of five-nation treaty.³⁸ Iranian policy in the Caspian is the “condominium approach”.³⁹ It rejected all agreements and favored equal division of the basin, giving each littoral state twenty percent of the seabed. Such position is a consequence of the fact, that Iranian shores on the Caspian seem to hold less natural resources than other four states.⁴⁰ Nevertheless, Iranian oil companies have participated in developing hydrocarbon resources in the other Caspian littoral states. Turkmenistan, initially supported the concept of the “median line approach”, and signed the agreement with Azerbaijan to divide the Caspian seabed, but both countries still could not get the consensus, where to draw the line. Additionally, both states have been involved in a dispute over three fields: Kyapaz, Azeri and Chirag in Azerbaijan and Serdar, Khazar and Osman in Turkmenistan.⁴¹

The legal status of the Caspian basin is still uncertain, which limiting the development of the energy resources in the region. It is also a risk that investors have to consider in doing business in the region. Without agreement between Turkmenistan and Azerbaijan, it will be impossible to build the trans - Caspian pipeline infrastructure.

Main pipeline projects

There are many options of transporting Caspian resources on the world energy market. Caspian basin is landlocked, that is why a fundamental question is how many pipelines will become operational in near future and which direction will be the most convenient transit option for Caspian oil and gas. The natural route is through Iran, but this is unacceptable for the United States because of the Iranian nuclear program. Another is to the Black Sea, for shipment via the Bosphorus in tankers, but it is very dangerous from the ecological point of view. Expanding pipelines through Russian territory will give Russians critical control in the Caspian Region. China, because growing dependence on imports, entered the Caspian energy game with a proposal for a pipeline in eastern direction.

The western route through Azerbaijan, Georgia and Turkey to EU is very important. Major pipeline projects realized and others under construction will inevitably contribute to EU's energy security interest. They are enhancing Turkey's role as an important transit country and energy hub in the Eurasia.⁴² Turkey has concentrated its efforts on the transportation of Caspian oil and gas reserves to Western markets, which was often referred to as the 'Silk Road of the 21st Century'.⁴³ Nowadays, the idea to restore the Silk Road connecting Eastern Asia with Western Europe via the post-Soviet republics in the Caucasus and Central Asia has been gaining importance.⁴⁴ In this context, very significant and perspective was the Eurasian Energy Corridor Project which concerned the transportation of Caspian oil and gas as a resurrection of the historic Silk Road.⁴⁵ This project provided an opportunity for Turkey to be a transit state for the energy resources from Central Asia and the Caucasus to the European markets.⁴⁶

Turkey has several sea terminals. The most important one is the Mediterranean city, Ceyhan. It receives Iraqi and the Caspian oil. The Turkish Straits of Bosphorus and Dardanelles that connect the Black Sea with the Mediterranean, serve as one of the most important transit routes in Eurasia.⁴⁷ Every year, some 10,000 tankers pass through the Bosphorus Strait. Traffic keeps growing rapidly there.⁴⁸ Because of the weak capacity of the Turkish Straits, shipping of energy resources is very difficult and problematic not only technically but also taking into consideration the ecological issues. That is why there is a need of alternative solutions. The key project is

the 1768 kilometers long Baku – Tbilisi – Ceyhan (BTC) pipeline (map 2). It is a very valuable venture not only economically but also politically for Turkey, European Union, United States and Caspian states rich in oil and gas. The BTC pipeline project and the issue connected with the role of Turkey as a key corridor state for Caspian energy resources was discussed in 1992 during the meeting of Turkish President, T. Özal and A. Elchibey, the President of Azerbaijan.⁴⁹ The construction of BTC was the priority for Turkey for three reasons. First of all, the participation in extracting and transporting the Caspian energy resources reflected in the power of the state in the region in economic and political sense. Secondly, Turkey wanted to establish good relations with Turkic World, and common pipeline is a good instrument of this ambitious plan. Thirdly, the pipeline is an important economical impulse for Turkish private and state sector. The transport of the energy resources is an important source of income for Turkey and the access to the oil and gas is necessary in fast growing Turkish economy.⁵⁰

In April 1998, Presidents of Turkey, Georgia and Azerbaijan declared the official support for the BTC project. Next, in October 1998, during the 75th anniversary of founding the Republic of Turkey, the Presidents of Azerbaijan, Kazakhstan, Turkmenistan, Georgia and Turkey signed the declaration supporting the common pipeline project.⁵¹ Moreover, Turkey signed the agreement with Turkmenistan about the transportation of gas simultaneously to the BTC. The proposition of building the BTC pipeline was also introduced during the 1999 summit of the Organization for Security and Cooperation in Europe (OSCE) in Istanbul.⁵² The construction of this pipeline started in 2002, the cost of this venture was about 4 billion USD.⁵³ The official opening of the BTC in Azerbaijan was in May 2005 and in Georgia in October 2005.⁵⁴ Officially, the pipeline has operated since 13 July 2006.⁵⁵ It can transport up to 1 million barrels per day (approximately 1.5% of the world's oil supply), and it is the second longest pipeline in the world.⁵⁶ On 16 June 2006, Kazakhstan has officially joined the BTC oil pipeline project. According to the agreement between Presidents of Azerbaijan and Kazakhstan, Kazakh crude oil will be shipped to Baku across the Caspian Sea, and then pumped through the BTC pipeline to Ceyhan (Aktau – BTC Project).⁵⁷

The BTC pipeline is located in a very unstable environment: between the Caucasus and the south - eastern part of Turkey. In August 2008, Kurdish militants in Turkey bombed the pipeline, forcing to halt shipments briefly. Fighting between Russia and Georgia days later cast further doubt on the security of the pipeline. Turkey stands to lose millions of dollars in transit fees if crude flows stop.⁵⁸

The BTC came into being because of the cooperation of many companies within Baku-Tbilisi-Ceyhan Pipeline Company (BTC Co.): BP (Great Britain); SOCAR (Azerbaijan); TPAO (Turkey); Statoil (Norway); Unocal (US); Itochu (Japan); INPEX (Japan) or ConocoPhillips (US). BTC Co. get support also from the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD).⁵⁹

Map 2. BTC pipeline.



Source: http://www.oilfund.az/pub/tiny_upload/map.jpg (02.04.2011).

It is anticipated that 6 to 7 % of global oil supply will be transported via Turkey by 2012 and that Ceyhan will become a major energy hub and the largest oil outlet terminal in the Eastern Mediterranean. The Ceyhan terminal has already been designed to receive the crude oil reaching from Kirkuk, Baku and Samsun.⁶⁰

Turkey has the most dynamic gas market in south – eastern Asia. In 1996, it signed a 23 billion USD contract with Iran about the purchase of gas. In 1997 Turkey, Turkmenistan and Iran signed the agreement about the extension of the Turkish – Iran pipeline to Turkmenistan.⁶¹ Another important venture is Transcaspian Turkmenistan – Turkey – Europe Natural Gas Pipeline Project. Its aim is to transport gas from Turkmenistan via Caspian Sea to Turkey and Europe. In accordance with the agreement signed on 29th of October 1998, 30 billion cubic meters of gas should be transported to Turkey, 16 billion cubic meters Turkey can use domestically and the rest will go to Europe.⁶² In May 1999 Turkey and Turkmenistan decided to build the Trans – Caspian Gas Pipeline to transport Turkmen gas via Turkey to Europe. This project has not been realized because of the problematic status of the Caspian basin and the misunderstandings between Azerbaijan and Turkmenistan relating to the right to the Caspian energy resources.⁶³

Another project was the Baku – Tbilisi - Erzurum (BTE) pipeline from Shah Deniz gas fields in Azerbaijan. It was built in parallel to BTC. According to the Turkish Petroleum Pipeline Corporation, after the immanent completion of the 20 billion cubic meters capacity of BTE pipeline, Turkmen gas deliveries to Turkey and to Europe would most probably follow.⁶⁴

Other important gas pipeline project is Turkey – Greece – Italy Interconnector (map 3). The construction of such a gas pipeline to connect the Caucasus and Europe was begun in July 2005 and inaugurated on 18th on December 2007.⁶⁵ The gas is extracted from the Shah Deniz field in Azerbaijan. The pipeline is crossing the Turkish territory, reaching Greece, and from there it is to be extended toward Italy via underground pipeline crossing the Adriatic Sea. The future extension opening is scheduled for 2012.⁶⁶ The capacity of the pipeline is approximately 250 million cubic meters per year.⁶⁷

Map 3. TGI Pipeline.



Source: <http://cambridgeforecast.wordpress.com/2008/02/10/turkey-greece-italy-gas-pipeline/> (02.03.2011).

The European Union has been exploring various options for accessing Central Asian and Caspian energy without relying on Russia. The Turkey – Greece – Italy Interconnector is the first step. But the project that could make a bigger significance to Europe's energy security, and to Turkey's role as an energy hub, is Nabucco (map 4). The Presidents of Turkey, Austria, Bulgaria, Hungary and Romania signed an agreement about the construction of the Nabucco gas pipeline on 13th July 2009. According to this decision, the gas from Central Asia, the Caucasus and the Middle East will be transported to Europe via Turkey. The main aim of the pipeline is to secure the gas deliveries to European Union without the Russian participation. The 3300 kilometers long, Nabucco pipeline will go from Azerbaijan (Shah Deniz field), Egypt, Iraq and Turkmenistan through Turkey, Bulgaria, Romania and Hungary to Austria. The project got the support from the United States and the European Union.⁶⁸ There are many companies which are also interested in building the pipeline, for example:

BOTAŞ (Turkey), BulgarGas (Bulgaria), Transgas (Romania), MOL (Hungary), OMV (Austria) and RWE (Germany).⁶⁹ The intergovernmental agreement assumed that the construction of Nabucco will be realized between 2011 and 2014 and its cost is estimated on about 8 billion euros.⁷⁰

During the EU summit on 19 – 20th of March 2009, member states decided to give 200 million euros to the Nabucco pipeline project within the economic anti – crisis package of 5 billion euros.⁷¹ It was an important political symbol of support for the Nabucco, but in the face of high costs of the pipeline construction and the necessity to build it until 2014 it is definitely not enough.⁷²

The main planned gas source for Nabucco pipeline is Shah Deniz field in Azerbaijan. It will produce enough gas to feed the new Turkey – Greece – Italy Interconnector. Some experts say that Nabucco will have to wait until Shah Deniz goes into its second phase of development, expected in 2013.⁷³ The companies involved in the Nabucco project are confident that Azerbaijan will produce enough gas to make Nabucco viable. But some independent energy analysts warn that other sources would be needed to fill Nabucco in the long term.⁷⁴ There was a plan to include the Iran to the Nabucco pipeline, because it has the world second largest gas resources (estimated for 16% of world's resources). Iran was also interested to participate in the project, but nowadays it is impossible because the strong US opposition caused by the Iranian nuclear program.⁷⁵ In such circumstances, Turkmenistan becomes a much more important player with its 4, 3 % word gas resources.⁷⁶

Turkey is a key transit state for the Nabucco pipeline. 60 % of it will go through Turkish territory. From the Turkish perspective, Nabucco has not only economical dimension but it is also a significant political move. According to the Turkish elites, if Turkey becomes the main energy bridge between East and West, it will speed up its process of integration with the EU and increase its regional position.⁷⁷ Eager to secure its own energy needs, Turkey wants to divert 15% of Nabucco's gas for a cheap domestic use.⁷⁸ The realization of the Nabucco pipeline project could effectively make EU member states not dependent on the Russian gas. It can also increase the role of Europe in Central Asia, the Caucasus and the Middle East. The huge energetic potential of those regions and their geopolitical significance are also the challenge for the European Neighborhood Policy.

Map 4. Nabucco pipeline project.



Source: http://www.nabucco-gaspipeline.com/english/800px-Nabucco_Gas_Pipeline-en_svg.png (12.03.2011)

Russia is the most significant Turkey's rival in the Caspian Region. Both states compete in the issue of energy policy. The Central Asian states have been providing Russia with cheap gas which has enabled Gasprom to export Russian gas to Europe at a much higher price. That is why, Russia is against the attempts of the Central Asians to transport and sell their gas to European markets. The Russian Prime Minister, W. Putin administration is trying to increase its control on Central Asian energy. The instrument of this policy was the project of a Eurasian Alliance of Gas Producers which would have included Kazakhstan, Turkmenistan and Uzbekistan.

However this idea failed to materialize.⁷⁹ Thereby, the serious challenge for the realization the Nabucco pipeline is the antagonistic Russian attitude. Russia tries to convince the EU members and the potential suppliers to give up the Nabucco project. From the other side, Moscow refused to participate in this project.⁸⁰ On 15th of May 2009 in Sochi, Gasprom and its counterparts from Serbia, Bulgaria, Greece and Italy signed series of agreements regarded the realization of South Stream gas pipeline project. The pipeline will run under the Black Sea from the Russian coast (Beregovaya) to the Bulgarian coast. It is an element of the gas pipeline competition in Europe and bipolar energy policy in EU. Some of the European states supported both Russian and Nabucco projects.⁸¹

Until recently, the existing pipelines in the Caspian Region were designed to link the former USSR internally and were routed though Russian territory.⁸² The port of Novorossiysk is the most important Black Sea terminal, from which Caspian oil and gas are transported in tankers to European markets.

The key Russian energy transit project is the Caspian Pipeline Consortium (map 5). The main pipeline connects the Tengiz oil fields in western Kazakhstan with the new Black Sea Marine Terminal in Russia. In October 2001, CPC for the first time loaded crude oil at its Marine Terminal Yuzhnaya Ozerevka, near the Russian city of Novorossiysk on the Black Sea.⁸³ In April 2003 the first phase of the CPC pipeline system was introduced into regular operations. The development process for CPC to reach its full capacity is not completed.⁸⁴ This pipeline is 1,460 km long with planned capacity 1,343 bpd.⁸⁵ CPC project reflects cooperation between Russia and transnational corporations.⁸⁶ Probably in the future, Russia will continue to be the main outlet for oil shipments from Kazakhstan.⁸⁷

Map 5. CPC pipeline



Source: CPC, <http://www.cpc.ru/portal/alias!press/lang!en-us/tabID!3357/DesktopDefault.aspx> (02.02.2011).

Another transit option for energy resources through the Russian territory is the Baku-Novorossiysk oil pipeline known as the Northern Corridor. It started to pump oil in 1997. The pipeline is going from Baku port in Azerbaijan to Novorossiysk, from where oil with tankers is transported from the Black Sea through the Turkish Straits to the ports of the Mediterranean Sea. It has a potential of exporting 5 million tons of oil per year.⁸⁸ This energy corridor has some negative elements. First of all, oil from Novorossiysk is transported in tankers through the Turkish Straits, which is connected with the ecological risk for the more than 10 million populated metropolis, Istanbul. In addition, the Baku-Novorossiysk pipeline is not economically advantageous transit route for Azerbaijan.⁸⁹ In comparison with the Baku-Tbilisi-Ceyhan pipeline it eventually became less beneficial, which led to the stoppage of pumping oil to Baku-Novorossiysk pipeline since April 2008.

Map 6. Baku-Novorossiysk pipeline



Source: <http://www.socar-germany.de/eng/socar/scp.html> (04.04.2011).

China is becoming a much more active player in the Caspian energy market as a main world importer of the hydrocarbon resources. Satisfying its energy needs is the country’s number one energy security issue. Since 1980, energy consumption in China has increased approximately by 250%.⁹⁰ Chinese government directed its oil companies to acquire interests abroad.⁹¹ Over the past few years, China has poured investments into Kazakhstan and Turkmenistan with two main projects: the Kazakhstan - China oil pipeline and the Turkmenistan - China gas pipeline (also known as Central Asia - China gas pipeline).⁹²

The key infrastructure project, the Kazakhstan – China pipeline (map 6), was built by a joint venture between China National Petroleum Corporation (CNPC) and KazMunaiGaz. The pipeline's annual capacity is 10 million tons, which will be doubled in the future.⁹³ In June 2010, CNPC signed an agreement with KazMunaiGaz to build the second phase of the Kazakhstan - China Gas Pipeline in a bid to tap gas reserves in Kazakhstan.⁹⁴ "The pipeline will be implemented in five stages with the final stage scheduled for completion by 2013", said Sauat Mynbayev, Kazakhstan's energy minister.⁹⁵ It will reach a full capacity of 40 bcm by 2013 when the final stage will be completed.⁹⁶ This transit route is part of a larger project to build pipelines connecting China with Central Asia’s natural gas reserves. It will stretch from Turkmenistan, through Uzbekistan and Kazakhstan, and enter China’s northwestern Xinjiang region.⁹⁷ This project is a part of China's attempts to secure more energy sources worldwide. This is part of China’s overall Silk Road strategy to diversify energy dependence on the unstable Gulf region and build overland routes to hedge against maritime supply disruptions from the Gulf.

Map 6.



Source: <http://www.stratfor.com>

d_balance_power (02.02.2011).

China also cooperates with Turkmenistan in the energy field. Beijing's main economic interest is gaining access to natural gas in this Caspian largest gas producer. On 3 April 2006, China and Turkmenistan signed an agreement on the pipeline construction and a long-term gas supply. According to the bilateral agreement, Turkmenistan supply China with 30 bcm of natural gas annually, beginning from 2009.⁹⁸ Turkmenistan also granted China National Petroleum Corporation a license to develop the Bagtiyarlyk fields, situated near the Uzbek border.⁹⁹ The pipeline from Turkmenistan to China is the first leg of a wider system, gathering gas from Uzbekistan and also from Kazakhstan.¹⁰⁰ The Central Asia - China Gas Pipeline, linking gas fields South Yolotan in Turkmenistan to Xinjiang region was inaugurated in December 2009. The 1,833 km pipeline is expected to reach full annual capacity for 40 bcm by 2012-13.¹⁰¹ In June 2010, Turkmen President Gurbanguly Berdimuhamedov announced a trans - Turkmen pipeline project to connect the Central Asia - China pipeline east of Turkmenistan to the country's western resources.¹⁰²

China appears to have three main goals in the Caspian region: provide security to the region, gain access to natural resources, and consolidate political influence to become a regional power using the Shanghai Cooperation Organization framework.¹⁰³

Another possible transit option for the Caspian resources is Iran. It has an strategic location between Caspian basin and the Persian Gulf. Iran could be a cheap and natural corridor for the oil and gas to the world markets. Most of Iranian oil fields are situated in the south, while the northern part of the country is much more populous. Thereby, Teheran prefers to deliver Caspian crude to its refineries in the north to save the transportation costs.¹⁰⁴ It is difficult to realize this plan without necessary investments which are limited because of the US sanctions. An existing 337 km pipeline from Iran's Caspian port of Neka to Tehran refinery is dependent on Azeri oil deliveries to Neka on Iranian frontier. Its capacity is 175 bpd.¹⁰⁵

Because of the geopolitical position in the center of Eurasia, the Caspian region is becoming significant in the global international relations both politically and economically. It probably contains some of the biggest undeveloped oil and gas reserves in the world. After the collapse of the Soviet Union, the Caspian newly-independent states became open to foreign investments.¹⁰⁶ The region can play an important role in the diversification of oil and gas supplies and consequently in the global energy security. Taking into consideration the fact, that there is a deficit of the energy resources in the global market, we can anticipate, that the foreign investments and transnational companies will be more active in the Caspian region.

Because of the rising instability of the Middle East energy supplies, the Caspian basin has emerged in prominence as an alternative resource for the world's growing energy consumers. For Western states it is important to reduce dependence on hydrocarbon supplies from the Gulf especially after the September 11. The rising energy prices will also have a strong impact on energy security in the Caspian region. For Azerbaijan, Kazakhstan and Turkmenistan, the energy sector is the most important element of their economical growth.

Notes

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Natural Gas Supply Security of the EU: Exploring the Roles of Black Sea and Caspian Sea Regions

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Abstract

Energy security, especially natural gas supply security, is the one of the highest priorities for the European Union. In this context, the Black Sea and Caspian Sea regions are capable of playing two different key roles in helping to ensure stable natural gas supplies to Europe: Caspian Sea Region as a producer in its own right, and Black Sea region as an entry point and a transit for the Caspian natural gas supplies. However, there are both political and economic complications considering energy diplomacy and pipeline politics. This article attempts to expose and enlighten these complications from the energy security angle. Moreover, it addresses the core issues of the transit gas across the Black Sea region and the natural gas producers of the region and their impact on the natural gas supply security of the EU.

Key words: Black Sea Region, the EU, Natural Gas, Security of Supply, Caspian Sea Region

Introduction

The EU member states suffer from the same tendencies as other importing countries. Today, EU energy consumption represents 15 per cent of world energy consumption, third to China and US¹. The dominant fuel in the EU is oil, with 37 per cent, but natural gas is by far the fastest growing source of energy, accounting for 24 per cent of consumption in 2010² and the EU accounts for 18 per cent. Natural gas usage has increased both due to higher overall energy demand and a decline in coal consumption from 26 per cent in 1991 to 15 per cent in 2010³. According to Eurostat, the EU currently imports 55 per cent of the energy consumed, and it is expected that this rate will continue to increase. ExxonMobil's 2009 report forecasts that the EU's natural gas import dependency will rise from 60 to 65 per cent in 2015, to 75 per cent in 2020 and to 81 per cent in 2030⁴. Russia currently supplies 39 per cent of natural gas imports, and the EU's dependence on Russian supplies is expected to rise steadily in the near future.

Since 77 per cent of the EU energy consumption consists of fossil fuels⁵, namely oil, gas and solid fuels, and it possesses only a small proportion of the world reserves of these fuels, it is heavily dependent on energy imports. Therefore, conflicts in the producing regions, problems related to transit, price fluctuations, climate change and increasing dependency on foreign imports have created a rising sense of urgency in the EU. In a period of growing dependence on imported oil and natural gas, emerging challenges require a re-evaluation of present EU policies and the consideration of possible strategies for the maintenance of the security of energy and diversification of supply.

This paper deliberately chooses to focus on the aspect of natural gas supply security as the consumption of natural gas is rapidly increasing in the EU, and it is only possible to transport it via pipelines or via tankers in LNG format, unlike oil, which is more flexible. In addition, the literature on the natural gas supply security of the EU is developing, but still remains insufficient. Therefore, this article makes an important contribution to the literature by comparing two geographical regions, the Black Sea and Caspian Sea from

analytical perspective. Since the security of supply risks and diversification of supply needs are increasing in European energy security, the EU is searching for major alternatives to satisfy these needs. One of the major policy options for the EU is to build connecting pipelines to producing regions. It is important to note that pipeline diplomacy includes several countries, since there needs to be a transit route connecting the producer to the consumer. Therefore, this paper analyzes the two regions that are both producers and transit routes, namely the Black Sea and Caspian Sea regions, in order to determine how they will affect the European Natural Gas Security in the near future, considering the energy security concept and geopolitics from European perspective. Moreover, this paper explores the long-term impact of the cooperation and competition between these two regions and their potential capacity that may be developed, focusing on their strengths and weaknesses in order to produce results for further analysis.

Conceptualization of energy security

The scope of energy security has been evolving in line with world geopolitical trends. Assertions of the form 'we import x per cent of our oil from region y' or 'we depend on foreign sources for z per cent of energy' are no longer valid for strategic thinking in energy security⁶. Energy security should be considered by taking into account of energy and economic development, the environmental aspect of energy and the threat of terrorism to energy supply.

The recent model of energy security was born after the 1973 crisis. It focused mainly on security of oil supplies from producing countries. At that time, the connection between energy, political change, and conflict behaviour was the central concern in energy security literature. The main setback was its exclusive focus on analysis of the international and domestic effects of increasing oil prices, with limited mention of political implications because it was rather concentrated on effect of the oil crisis on oil prices and its influence on western economies, especially in the US.

In contrast, the current concept of energy security needs to be expanded to include 'the protection of the entire energy supply chain and infrastructure'⁷. It is important to consider new geopolitical factors in order explain the contemporary state of the energy security concept.

The fundamental issues of diversification is currently one of the most commonly discussed as regards the energy security concept, and the present work will take this issue as a starting point in assessing the natural gas supply security predicament of the EU.

In order to define the concept of energy security, this study uses a typology developed by Barton et al, according to whom, 'the definition of energy security is a condition in which one country and or several, or most of its citizens and businesses, have access to sufficient energy resources at reasonable energy prices for the foreseeable future free from any serious risk of major disruption of service.'⁸

Barton et al choose to interpret this broad definition of energy security into four following different sub-categories: (1) security of supply, (2) security of demand, (3) reliability of supply, and (4) physical security of installations and personnel⁹. Hence, the category 'security of supply' is the main concern of this study, which focuses on the consumer countries' desire to have at all times an adequate level of supplies.

Therefore, the EU does not only need diversification of its energy supplies, but also it needs to secure its supply chain from disruption. This can only be achieved by supplementing the volatile transit ways or building additional pipelines in order to reach a higher level of diversification. One of the ways for the EU to reduce the dependence on imported natural gas is to reduce the strategic leverage of countries in the region. Another issue for security of supply is to secure the transit ways. During the analysis, implications of transit ways on the security of supply will be discussed.

The present work focuses particularly on the security of supply of natural gas to the EU, since the European natural gas consumption is rapidly growing together with the increasing dependency on single actor,

Russia – both a Black Sea and Caspian country-, leading to a need for alternative sources and routes. It is crucial to note that in assessing the geopolitical connections, natural gas supply has important difference from that of oil, on which much of the present literature is focused on the oil. Natural gas and oil import dependency have two important differences. First of all, natural gas is less polluting than the major fossil fuels, namely oil and coal. Natural gas demand in the EU has been growing over over 3 per cent per annum in the last decade and according to the Commission of European Communities' report and it is expected to continue to rise more quickly than oil due to new geopolitical trends. Second, natural gas is different from oil in terms of security, because most of the natural gas contracts are long term contracts.

The EU does not only need diversification of its energy supplies, but also it needs to secure its supply chain from disruption. The only way to do this is to supplement the volatile natural gas suppliers in Russia and North Africa, and also the declining North Sea, in order to reach a higher level of diversification. One of the ways for the EU to reduce dependence on imported natural gas from these regions is to reduce the strategic leverage of countries, and increase the security of the transit ways. Therefore, new pipelines connecting to new basins, or diversify the existing routes are logical options. Consequently, this work analyses the pipelines in both regions with the aim of demonstrating which is likely to be more instrumental for the European Energy Security.

EU energy policy

The political reality of the European Union changes when faced with energy issues. Although the European Union is a multileveled and polycentric emerging political field, it is divided into two different poles, national decision-making centres on the one hand, and EU institutions with powerful transnational political resources on the other. In spite of its liberal intergovernmental setting and fully integrated structure in some policies, especially after the launch of the Euro currency¹⁰, these two poles mean that the EU is divided over its common energy policy.

The main structural tension in the EU's energy policy is between these national and supranational poles. It appears that 'the double political stratification process between supranational/ intergovernmental and national levels on the one hand and between executive and legislative legitimacy on the other hand has been legitimized through incremental changes'¹¹. This is the problem in the decision making process, but what creates this problem is the sovereignty issue. The main obstacle to progress in energy policy is the various preferences of member states, all of which have 'their differing domestic energy resources, different energy requirements, and large, state owned, monopolistic energy industries'¹².

In this context, however the idea of implementing a Common Energy Policy has been receiving greater attention from all the member states due to the increasing dependency of all EU members on external energy suppliers and the continuing central role of energy in all dimensions of the economic life.

Natural gas' role in European energy matrix

The importance of natural gas in the EU's energy composition has noticeably increased. According to Energy Information Administration (EIA) statistics, natural gas consumption of EU 27 has increased from 312 bcm in 1980 to 536 bcm in 2008. This is expected to increase more in the future due to the restrictions on CO₂ emissions, which are higher in coal-fired power plants, and barriers to development of renewable power generation. Natural gas consumption in the EU is expected to grow from the present 530 bcm per year to 600-650 bcm in 2020¹³. In contrast, proven reserves of natural gas have steadily decreased. The EU itself has only 1.3 per cent of proven world natural gas reserves, and its own production represents only 5.7 per cent of world total in 2009¹⁴. As thus shown, the EU has limited indigenous energy production capacity. However, in order to satisfy the increase demand for natural gas consumption, EU member states are importing their energy need from other sources. In 2010, almost 60 per cent of natural gas consumption came from other sources. This import dependency is expected to increase even more in the future¹⁵. In 2004, the European Union passed 50

per cent of import dependency level and in 2008; it reached 61 per cent level¹⁶. According to the forecasts of the European Commission, this dependency will increase to 81 per cent in 2030. As a result, an increasing gap between production and consumption of natural gas is one of the main weaknesses of European energy security.

The United Kingdom (69.6 bcm) and Netherlands (66.6 bcm) are the main internal natural gas suppliers of European Union¹⁷. However, their production capacity has been steadily decreasing. In 1997, Netherlands reached its peak in gas production with 76.7 bcm, while United Kingdom reached 108,4bcm in 2000¹⁸. Since the passing of these peaks,, the EU has become over dependent to external natural gas resources.

Today, there are three main natural gas suppliers to the EU, namely Russia, Norway and North Africa. Due to the problems related to energy security and geopolitics, the EU is currently seeking to diversify its natural gas suppliers (Roberts, 2010). In statistical terms, as of 2008, Russia was the largest supplier with 115 bcm, followed by Norway and Algeria with 85 and 49 bcm respectively¹⁹.

There are five main basins which have available natural gas reserves for the EU: the Russian, Middle East, North Sea, Caspian and Mediterranean basins. The North Sea and Mediterranean basins have already been extensively exploited by the EU, the Caspian Basin is largely untapped and Russian and Middle Eastern basins are readily available to meet the increasing demand. Although there is a ready infrastructure and increasing supply flow from the Russian basin, European Union is seeking to decrease its dependency on Russia, due to member states experiencing supply shortages and blackouts caused by Russian-Ukraine gas crisis in 2006-2009. These crises have caused the EU to question the reliability of Russia as an energy supplier. For this reason, EU energy policy has shifted to alternative pipeline constructions, such as the Nabucco project, to connect to different energy suppliers. On the other hand, Russia is also proposing new pipeline projects such as the South Stream, as it is also seeking to bypass Ukraine and create secure outlets for its natural gas exports.

The Role of the Black Sea Region

The Greater Black Sea region is a simple political-geographic delimitations and refers to a vast region stretching from the Balkans to Western Caspian Sea region, as there are good geo-strategic, economic, and socio-political reasons for linking the “Black Sea” area with the wider geographic area, including Azerbaijan, Armenia and Greece to the six littoral countries namely, Bulgaria, Turkey, Russia, Ukraine, Romania and Georgia. The region is especially important for the EU from security of supply angle. It is an immediate neighbourhood of the EU, and home to Russia. Therefore, there are several existing and planned natural gas pipelines, connecting the region to the EU. As mentioned above, in view of the increasing European dependency on Russian natural gas, together with declining North Sea production, the safe and uninterrupted supply of new sources from the Caspian Basin through and around the Black Sea assumes utmost importance.²⁰

Table 1. Level of Natural gas reserves in the Region

Country	Natural Gas reserves (Tcm)
Azerbaijan	1,3
Romania	0,6
Russia	44,8
Ukraine	0,9

Source: BP Statistical Review of Energy 2010

The Black Sea region is rich in reserves of natural gas due to the presence of Russian reserves. In addition, Azerbaijan, Romania and Ukraine also have considerable natural gas reserves, compared to other regional countries, displayed in table 1.



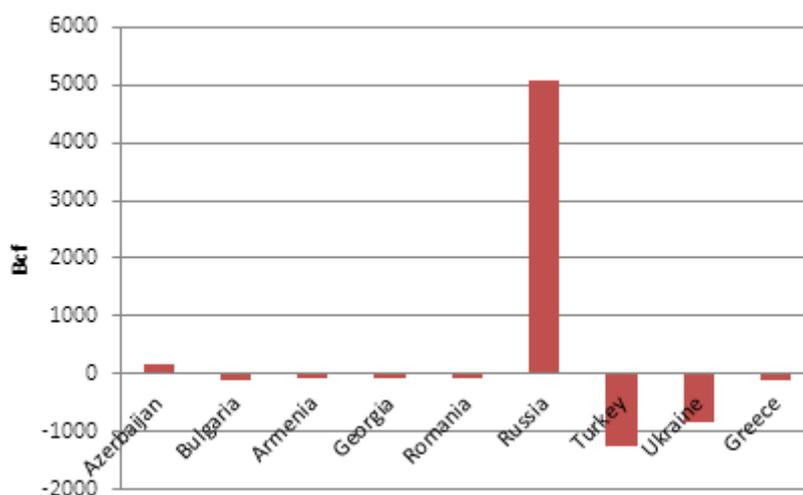


Figure 1. Natural Gas Import-Export Balances of Black Sea Regional Countries (2009)

Source: BP Statistical Review of Energy 2010

An analysis of natural gas import-export balances of regional countries reveals that, as with the reserves, only Russia and Azerbaijan has positive balance, shown in figure 1. Romania and Ukraine have negative balances, even though they have rich natural gas reserves. There are two main reasons, namely the high levels of population and consumption. Turkey and Ukraine are both dependent on foreign exports. Moreover, these two countries are not only significant consumers of natural gas, but also transit ways for both Black Sea and Caspian regions.

Table 2. Proposed and Existing Pipelines in the Black Sea

Project	Transit Countries	Status	Capacity
South Stream	Russia-Bulgaria-Greece-Italy-Serbia-Hungary-Croatia-Slovenia-Austria	Proposed	63bcm/y
Nabucco	Turkey-Bulgaria-Romania-Hungary-Austria	Proposed	31bcm/y
BTE	Azerbaijan-Georgia-Turkey	Operational (2006)	20bcm/y
AGRI LNG	Azerbaijan-Romania-Turkey	Proposed	7bcm/y
Blue Stream	Russia-turkey	Operational (2006)	16bcm/y
Tebriz-Erzurum	Iran-Turkey	Operational (2001)	14 bcm/y
South European Gas Ring	Turkey-Greece-Italy	First stage completed	63bcm/y
White Stream	Georgia-Ukraine-EU	Proposed	32 bcm/y
Brotherhood Pipeline	Russia-Ukraine-Slovakia-Austria-Germany	Operational (1983)	100 bcm/y +
Nord Stream	Russia-Baltic Sea-Germany	Under Construction	55 bcm/y
Yamal-Europe	Russia-Belarus-Poland	Operational (1997)	33 bcm/y

This region, which includes Russia and Azerbaijan, has a number of existing and proposed pipelines in the region. Pipeline construction is not a recent issue in the region. The first pipeline, Northern Lights, became operational in 1983 during the cold war period when the Soviet Union exported natural gas to the EU through, and today it can carry over 100 bcm of gas per year.

As seen in in table 2, Russia is the main, in fact, and the only natural gas exporter in the Black Sea Region. The study deliberately chooses to categorize Azerbaijan as a Caspian region natural gas exporter, as most of its reserves are situated in the Caspian Sea, in contrast to Russia, which is no longer developing natural gas reserves in the Caspian.

Because of continuing instability in the Middle East and North Africa, volatile energy prices and growing concerns about the energy supply, the Greater Black Sea region is emerging both as a producer and as a transit area for energy, i.e. as an energy hub. As Lesser puts it, “the Black Sea has become a leading theatre in which the new dynamics of energy security are being played out, a theatre in which transit countries as much as producing countries are leading stakeholders.”²¹

Through the energy security angle, the Black Sea region is in a good geographical location to become a transit way for resources, coming from Azerbaijan, Iran and Caspian area. Even though the existence of Russia underpins the role, the region is an important transit way. Ukraine, Russia, Azerbaijan, Georgia, Turkey, Bulgaria and Greece are the main transit area through the existing, under construction and proposed pipelines.

The pipelines are also enhancing the economic development and regional cooperation in the region, since there are several countries participating in the projects. In addition, this cooperation could bring prosperity and stability to the region. Rather than being dominated by Russia, the BTE and proposed Nabucco project can be seen as a option to bypass Russia when looked from European perspective.

However, there are also long-standing conflicts in the region. There is a real concern that natural gas pipelines could be sabotaged by terrorist or rebel groups, and that transit states could illegally tap into these pipelines for their own needs.

The present study focuses on how natural gas will reach Europe's major consumer markets. It is important to note that regional countries have balance their domestic energy security with their current or prospective roles in ensuring broader regional or continental energy security, and thus economically, the Black Sea states may be in a position to influence the terms under which natural gas reaches Europe.²²

The Role of the Caspian Sea Region

The Caspian Sea is a 700-mile-long body of water in Central Asia, bordered by Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan. However, it is the basin area rather than the sea itself which has an important impact on the area. This area is what the study defines as the Greater Caspian region. In addition to the Caspian littorals²³, the Greater Caspian Region includes Iraq, Uzbekistan, Georgia and Turkey, since these countries are considerably influenced by the energy regime in the Caspian Sea as producers, as consumers and as transit routes. These four countries cannot be excluded in the understanding of the dynamics of the region in an enhanced approach.

The Greater Caspian region has emerged in the last decades as one of the major focal points of international affairs for a combination of political, economic, and geostrategic reasons due to its sizeable energy reserves. The region contains a significant amount of natural gas. The proven natural gas reserves of five Caspian countries are 10 trillion cubic meters, while their potential reserves reach 17 trillion cubic meters. This is very significant, even excluding the reserves of Iran and Iraq. Iran has 29.66 trillion cubic meters in natural gas reserves, while Iraq also has 3.2. In addition, Uzbekistan has 1.6 trillion cubic meters, while Turkey and Georgia respectively have 0.010 and 0.050 as is illustrated in Table 3.

Table 3. Estimates of Proven and possible Natural Gas Reserves in the Greater Caspian region

Region	Country	Proven Reserves of Natural Gas (trillion cubic meters)	Possible Additional Natural Gas EIA ^a
Greater Caspian region	Azerbaijan	1,3	1,3
	Iran ^b	n.a./29,6	0,3
	Kazakhstan	1,8	2,4
	Russia ^c	n.a.	n.a.
	Turkmenistan	8	4,5
	Uzbekistan	1,6	7,7
	Iraq	3,2	n.a.
	Georgia	0,05	n.a.
	Turkey	0,01	n.a.
	TOTAL	45,56	16,2
Reference Areas	Qatar	25,3	n.a.
	United States	7,7	7,6
	Saudi Arabia	8	n.a.

n.a. - Not available from sources listed below.

a Excludes proven reserves. Data from various sources compiled by EIA in Survey cited below.

b First part is the resources near the Caspian Sea, second part is the overall reserves in Iran-

c Only resources near the Caspian Sea are included.

Source: ENI World Oil and Gas Review 2009, BP Statistical Review of World Energy 2010-11, EIA, Energy Information Administration; Caspian Sea Region: Survey of Key Oil and Gas Statistics and Forecasts, July 2006; U.S. Geological Survey.

In comparison, Qatar has 25.7 trillion cubic meters of natural gas, while the United States, Saudi Arabia, United Arab Emirates and Venezuela's proven natural gas reserves are 7.7, 8, 6 and 5.5 trillion cubic meters respectively. The data clearly reveals that the Greater Caspian region is the major alternative in terms of natural gas for the global energy market.

By adding together the possible additional reserves of natural gas in the region, as illustrated below in Table 3, it can be seen as a major challenge to Russia's 44.8 trillion cubic meters. However, the Greater Caspian region still needs a massive investment for the exploitation and exploration of its reserves. Because of the presence of these extensive untapped reserves, a focus of intense competition for countries with growing energy needs in the future.

Production of Natural Gas

After the demise of the Soviet Union, the natural gas production of the Greater Caspian region is also being restored with massive Russian and foreign investment in Former Soviet Union countries. Turkmenistan and Uzbekistan have the greatest proportion of Greater Caspian region natural gas production as Caspian Sea littorals. Although Uzbekistan will remain a major producer in the immediate future, 'its export potential will become negligible due to the high level of domestic consumption resulting from the fact that it is the most populous country in the region'.²⁴ In addition to these two countries, Iran is the major natural gas producer, and

reached fourth rank after Russia, the US and Canada by 2008. Although, (technically) a non-Caspian sea producer, it is considered a member of Greater Caspian regional matrix. However, Iran's unique geo-economic features distinguish it from other gas-rich countries in the region. It is centrally located among the world's major oil and gas producers, sharing land and sea borders with 15 countries.²⁵ With adequate investment, Iran has the potential to become one of the world's major oil exporting countries.

Even though figure 2 places Azerbaijan as only the fifth major producer in the region, energy analysts and major analysis of the EIA, BP, Royal Dutch Shell and ENI consider it has the potential to play a leading role after the exploration success at Shah Deniz field²⁶. On the other hand, Iraq²⁷ also has the potential to become a natural gas exporter after the recovery from the civil war in near future, with planned pipelines and investments. In addition, Kazakhstan²⁸ is expected to play a leading role in long-term natural gas production.

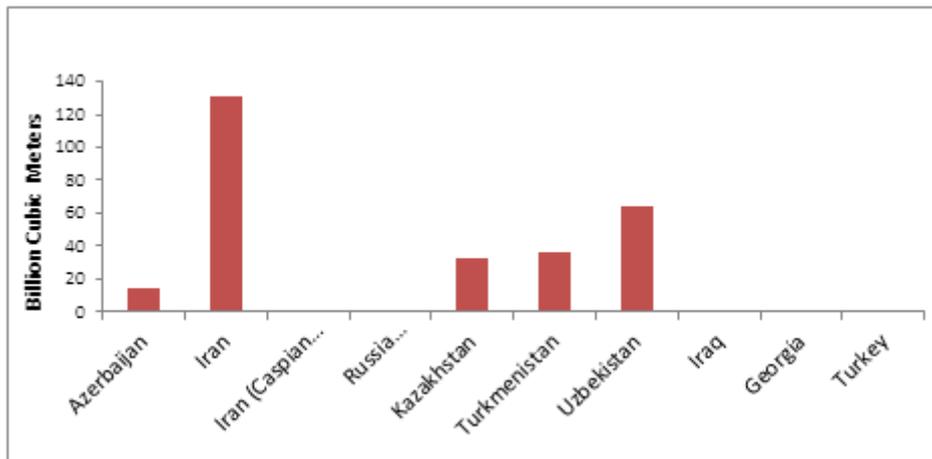


Figure 2. Current Natural Gas Production Level in the Greater Caspian

Source: BP Statistical Review 2010

Figure 3 demonstrates that the Greater Caspian area has been making an important contribution to the world's natural gas production since 2000, currently, producing almost 147.8 billion cubic meters (including Iraq), which rises to 278 billion cubic meters when the production of Iran is included. It is expected that by the year 2025, the Greater Caspian Area, including Iraq, will produce 250 billion cubic meters, which, added to Iran's natural gas production, is expected to reach to a peak of 400 billion cubic meters.

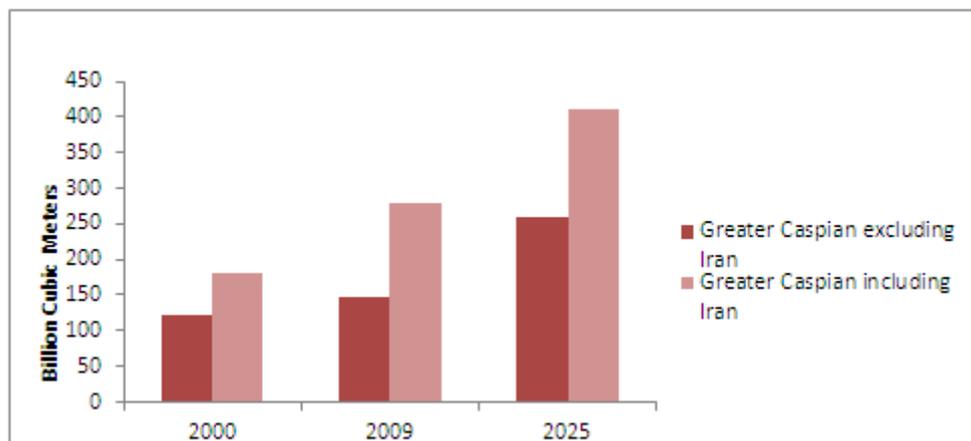


Figure 3. Greater Caspian Natural Gas Production

Source: EIA International Energy Outlook, ENI World Oil and Gas Review 2009, BP Statistical Review 2010, World Energy Outlook 2025. The estimation of the year 2025 has been calculated according to the medium of the expectations by the different sources.

At peak output, this region, excluding Iran, is forecasted to contribute 7.5 to 8.7 per cent of world natural gas production, which, when added to share of Iran, is forecasted to reach as much as 12.4 to 14 per cent of world natural gas production by the year 2025.

According to the 2009 data, the Greater Caspian region is either the third or fifth major natural gas producer in the world, depending on whether Iran is included (demonstrated in figure 5) and is expected to reach the level of the United States by the year 2025, when US production is expected to begin its decline.²⁹

Nevertheless, the requirement for the Greater Caspian area in this analysis is that these figures represent the current production and expected production forecast, which are extremely dependent on assumptions regarding the efforts made by regional producers to match their domestic consumption, export and investment levels. This is particularly applicable to Uzbekistan, Iraq, Iran and Turkmenistan, where great uncertainty lingers regarding the viability of available export options.

The Greater Caspian Sea region could meet some of the demand due to its sizeable proven and possible oil and natural gas reserves, a power struggle in the Greater Caspian region to control the pipelines transporting the landlocked Caspian energy resources seems inevitable.

The emergence of the Caspian states in the aftermath of the Soviet Union as independent international actors has changed the geopolitics of the region. With the collapse of the Soviet Union, its internal dynamics and problems became the foreign policy questions of the newly emerged independent states. Due to a lack of a background of independence, some of these new countries faced the formal Soviet internal equations.

The difficulties of exploiting the hydrocarbon deposits in the Caspian Basin reflects an unsettled division of the Caspian Sea. Although, it does not stop the littoral countries, namely Azerbaijan, Iran, Kazakhstan, Turkmenistan and Russia, exploiting their resources; the divisions mean that exploration and exploitation could not reach their full potential.

Furthermore, the conflicts in the South Caucasus have emerged as an obstacle in transporting hydrocarbons to the West from the Caspian basin. The three main conflicts, namely Nagorno-Karabakh, the Abkhazian and South Ossetian Conflicts, are the main challenges for the pipeline diplomacy of the region. Iraq also has a crucial role due to its level of hydrocarbon reserves and its instability. The US-led coalition's invasion of Iraq resulted in an increased security risk in the overall Greater Caspian calculations.

Conclusion

European energy policy is characterized by national approaches, which gives it the impression of being the least successful areas of integration, regardless of its general importance for the wider region. The main problem in the past, as well as in the present, is the recognition of energy as a national rather than a communal priority. The sector was unable to reap the benefits of a common approach, as all too often it involved clashes between national interests and the sovereignty of the members of the community.

Cooperation and competition between the Black Sea and Caspian Sea regions is a good illustration of different policy options for the EU. Currently, the EU's participation in the pipeline politics is complex. The current EU dependency on Russian energy exports has been already explained above. In an era when it is searching for alternative energy supplies in order to decrease its dependency on Russian exports, the EU is facing major decisional conflicts on energy issues³⁰. Due to the lack of a common energy policy in the union, individual states tend to favour different pipeline projects. For example, by supporting the South Stream from the Black Sea Region, the Italians are going against the EU goal of diversifying energy supply, as this pipeline will provide natural gas from Russia, like the already existing Brotherhood and Yamal-Europe pipelines. In other words, it is an alternative route, but not an alternative source. On the other hand, the EU as a whole, is backing the proposed the Nabucco project from the Caspian Sea region. This project is crucial as a first step in establishing a common energy policy. The Nabucco Project, the whole concept of the Caspian region as an

alternative is aligned with the ideas stated in the European Energy Strategy, adopted by the European Council in December 2003, the EU neighbourhood policy, adopted in 2004 and also the recent Green Papers. The Nabucco Project could help the union to diversify its energy sources and secure the necessary supplies.

Greater Caspian energy assets have the potential to significantly reduce consumers' reliance on Middle East and Russian natural gas. This raises the prospect of crises, competition, cooperation and conflicts that directly involve the US, the EU, Iran, Russia and Turkey in the East-West energy corridor. As discussed above, the actual production of natural gas is not the only potential source of competition between the international actors. The demise of the Soviet Union, triggered disputes over the best pipeline routes to transport the oil and natural gas of the Greater Caspian region to Western markets. Iran is promoting itself as the most economic route; Russia is following a policy of striving to become a monopoly in energy transportation, and the US, and to a certain extent, the EU, is promoting Turkey as an export route. In its drive to reduce its dependency on Russia, the EU should continue increasing the level of pipeline diplomacy in the Caspian Sea Region.

On the other hand, current role of Black sea is being profoundly influenced by the presence of Russia. Since Russia is both the largest exporter of natural gas to the EU and a Black Sea country, the role of Black Sea is currently seen as emphasizing production. However, its location also provides the option of becoming a transit corridor for various pipelines. Moreover, the balance between these parameters varies considerably, and therefore it is even more important to assess whether a regional Black Sea identity could be established in order to promote the three elements of the energy chain: supplier, transit and consumer countries.

Therefore, these two regions have different roles from the perspective of energy security. From the European side, realization of the projects from the Caspian Sea region will not only contribute to European natural gas security, but also to establish a united European energy policy. Even though the projects in the Black Sea region can be seen as rivals to those in the Caspian, the question of which of the two regions will eventually succeed is less important when taking into consideration the expected increasing European gas demand, in the near future. Thus, from the European perspective rather than being exclusive, these regions can be seen as complementary in view of the fact that several pipelines traverse both regions.

Notes

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10. Euro: Maastricht Treaty made a remark about the establishment of Euro as European Union currency in 1992. In 1999, the euro was introduced to world financial market and entered into circulation on 1 January 2002. Today, there are 17 member states of EU which are part of Euro zone.
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25. Sarmadi-Rad M. A. (2005) Iran's Strategy for Export of Natural Gas - Working party on Gas, UN/ECE, 15th Session, January, Geneva.
26. In 2009, the EIA is expecting an increase in production from SOCAR and the Shah Deniz gas and condensate field which should allow the country to increase production to over 500 Bcf per year, which will be offset by steadily increasing domestic consumption (400 Bcf during 2006). Azerbaijani government sources expect the country to produce up to 1.1 Tcf by 2011.
27. Iraq has one of the world's biggest number of discovered natural gas fields awaiting development by foreign firms under service contracts (SCs) and production sharing agreements (PSAs). However, these can only happen when a new legitimate petroleum law is approved by the Iraq Parliament.
28. Kazakhstan produces about as much natural gas as it consumes, and following maintenance at Tengiz and Karachaganak in the last couple of years, the country is poised to become a net exporter in 2008. In addition, the Kazakhstan Energy Ministry estimated that production during 2007 totaled 1,037 billion cubic feet (Bcf), over 70 percent of which was produced by international consortia at the Tengiz and Karachaganak fields. It is important here to mention that natural gas production has increased by over 8 percent from the previous year.
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Geopolitical Realities in the Black Sea/Caspian Region after Georgia-Russia War

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Abstract

In the presentation author discusses about importance of the geopolitical location of the Black Sea/Caspian Region, positive and negative events, which took place in the Region after the ending of the “Cold War”.

In the research, the important attention is paid to the main reasons of the Georgia-Russia war and its influence on the geopolitical situation in the Black Sea/Caspian Region.

At the second part of the presentation, the research is implemented related to the analysis of the geopolitical interests of the main “geopolitical players” (USA, Turkey, EU, Russia) in the region and foreign-policy priorities of the comparatively small states-located in the region (Romania, Bulgaria, Ukraine, Moldova, Georgia, Armenia, Azerbaijan).

At the third part of the presentation, it is analyzed the regional cooperation initiatives in spheres of trade, transport and communication, economic cooperation, Caspian energy projects etc.

At the last part, there are considered the possible scenarios of the situation in the Black Sea/Caspian Regions.

Introduction

Due to the convenient geopolitical location, Black Sea/Caspian Region is one of the most important area in the world and plays an extremely important role in the modern global security affairs.

As it is known, that the fundamental changes on the political map of the region took place at the end of 80s and the beginning of 90s of the last Century, which was interrelated with the political changes in eastern Europe and post-soviet space, such as democratic transitions in Romania and Bulgaria, disintegration of the USSR and gaining the national independence by the former soviet republics from the greater Black Sea Region- Russian Federation, Ukraine, Moldova, Georgia, Armenia, Azerbaijan.

Today each state of the region has its own foreign policy and national security priorities.

Positive Aspects in Black Sea Region

The post cold war period in the Black Sea Region brought lots of positive results. Among those it is necessary to mention the following:

Foundation of the Organization - Black Sea Economic Cooperation (BSEC);

Joining to the NATO Program Partnership for Peace countries of the Region;

Joining to Council of Europe former Communist countries and former Soviet Republics;

Foundation of GUAM with participation of the four countries of the Region;

Expansion of NATO and EU and joining Bulgaria and Romania to the North-Atlantic Alliance and European Union;

Activate the negotiation process between Turkey and EU regarding the joining of Turkey to the European Union;



*“Rose revolution” in Georgia and “Orange Revolution” in Ukraine;
Starting the Intensive Dialogue process with NATO by Ukraine and Georgia;
Involvement of the several countries of the region to the EU neighborhood Initiative;
Beginning of the implementation of Global Economic projects with the participation of the States of the Region; 1. Euro-Asian transport corridor 2. Caspian Oil Projects;
Starting of the EU Eastern Partnership Program.¹*

Negative Aspect in the Black Sea Region

Above-mentioned facts give us the reason to assume, that in the beginning of XXI Century, Region is more democratic and more secure. However, this part of the World still faces many problems and challenges, which have to be solved by the countries of the Region and on a global level by the International Community. Among those challenges it is necessary to mention the following issues:

Terrorism - terrorist groups still continue to carry out the terrorist acts. In this case first of all should be mentioned about Kurdish terrorist groups in Turkey, existence of the terrorist groups in Chechnya, Abkhazia and South Ossetia.

Other reason of the expansion of terrorism is aggressive separatism. Separatist regions represent the uncontrolled territories and create very convenient conditions for the establishment of the terrorist camps, for example, we can mention here the cases of Abkhazia, South Ossetia and Chechnya. Separatist territories also represent a good base for illegal trade, especially illegal circulation of drugs. Besides, the biggest problems of separatism is the presence of illegal Armed formations, which are armed with the modern military equipment. In most of the cases the reason of separatist movement is the existence of some states in Black Sea Region, in which official Authorities encourage the separatist movements and terrorist groups in other states by providing de-facto authorities of separatist regions by weapons, financial support etc. Clear example of the support of the separatist Regions was aggression of Russia against Georgia in August 2008, when Russian Armed forces have occupied the whole territory of “South Ossetia” and Abkhazia.

The most important problem, which hampers the development of cooperation in the Black Sea Region is existence of confrontations between Russia and Georgia, Armenia and Azerbaijan, Armenia and Turkey, Russia and Moldova;

Among the economic problems has to be mentioned the problem, regarding the energy security of the Region.

One of the most important event, which has affected on the security environment in Black Sea/Caspian Region was Russian aggression against Georgia.

Georgia-Russia War and its influence on the Foreign Policy and National Security Priorities of Georgia

The Russian invasion in Georgia has not changed the balance of power in the South Caucasus and Black Sea Region. It simply announced that the balance of power had already shifted. As it is known, the Russian-Georgian war led to Moscow’s formal acknowledgement of Abkhazia and South Ossetia’s independent status.²

Main reasons of the Russian aggression in Georgia

For the better understanding of Russian policy in August 2008, it is important to analyse the global processes that were triggered by the collapse of the Soviet Union in the beginning of 90-th of the XX Century, and to clarify, how these processes were perceived by Russia itself.

It is necessary to point out four major factors, which shaped the post-Soviet international environment for Russia:

1. the eastward enlargement of NATO and the European Union after the ending of “Cold war”;
2. alternative oil and gas transit routes
3. the “colour revolutions” in Georgia and Ukraine
4. Recognition of the independence of Kosovo by western states

The eastward enlargement of NATO and the European Union. After the collapse of USSR, former socialist countries from the Central and East Europe joined western alliances, notably NATO and the EU. Russia considered this process as a threat to its foreign policy and national security priorities. At the same time, the increasing cooperation of former Soviet Republics with North-Atlantic Alliance and EU via NATO program partnership for peace and European Neighbourhood policy, or their admission to these organizations, was especially worrying for Political elite of Russia.

Alternative oil and gas transit routes. In 1994, leading international oil companies and Azerbaijan signed a “century contract” to operate the country’s offshore oil fields. Later, governments of western countries and companies also agreed to construct Baku-Supsa (in 1996-1997) and the Baku-Tbilisi-Ceyhan (in 1999) oil pipelines and Baku-Tbilisi-Erzurum (1999) gas pipeline to deliver Azerbaijani oil and gas to European markets, bypassing Russian territory. On June 27, 2006, the European Commission, three countries from Black Sea Region - Turkey, Bulgaria, Romania, together with Hungary and Austria signed an agreement to build Nabucco, a natural gas pipeline that will transport about 20-26 billion cubic meters of natural gas. Russia, which as it is known is a major supplier of oil and natural gas to world markets, especially to Europe, was very irritated about alternative energy transit projects. Russian authorities are afraid that Moscow will lose its leverage to influence politically and economically on post-Soviet countries and European Union, and lose additional income from transit fees, in case if alternative energy projects are implemented.

The “color revolutions” in three former Soviet Republics. Massive electoral falsification in the November 2003 parliamentary polls, sparked civil unrest in Georgia and led to the fall of Eduard Shevardnadze’s government in November 23, 2003. One of the main leader of the so-called Rose revolution was US-educated Michael Saakashvili, who had the support of a majority of population of Georgia. The success of the Georgian revolution inspired similar events in Ukraine one year later. The so-called Orange revolution in December 2004, which as in Georgia was triggered by presidential election rigging, swept Viktor Yushchenko and his pro-western “orange coalition” to power.

Recognition of the independence of Kosovo by western states. When NATO declared about its bombing campaign against Serbia in March 1999, main purpose of which was protection of the ethnic Albanian minority of Kosovo from Serbian Armed forces, Russia felt that its international prestige and credibility were dealt a severe blow.

After the ending of the military operation of NATO in Serbia, opposition to Kosovo’s independence became one of the main elements of Russian foreign policy. Prestige apart, Russia’s objections were caused by the fear that possible recognition of the independence of Kosovo could cause separatist tendencies in its ethnic enclaves (mainly in the North Caucasus and Volga region). Kosovo formally declared independence from Serbia on February 17, 2008. Almost immediately, a majority of NATO and EU member states responded by acknowledgement the former Serbian province as an independent country.

Moscow felt that it was necessary to respond to these events firmly in order to reassert its credibility and prestige as a major world power. After Kosovo’s independence, Russia issued strongly worded political statements but took few practical steps. This led many, separatist authorities among them, to question Russia’s real capabilities.

Apart from the having necessity to protect and/or restore its international prestige, Russia’s motivation

for implementation aggressive actions against Georgia can be explained by several other factors: 1) Rapid increasing of oil and gas prices over the past five years boosted Russia's revenues and pumped billions of petrodollars into its coffers. Due to it, GDP of Russia was increased from 200 billion US dollars in 2000, till 1,1 trillion US dollars in 2007; 2) the European Union has become increasingly dependent on Russian oil and gas supplies; 3) USA and NATO were involved in two wars in Afghanistan and Iraq; 4) the presidential campaign was full gear in the USA.³

Geopolitical Interests of the "Main Players" in the Black Sea/Caspian Regions after August 2008

US and EU Attitude toward Black Sea/Caspian Region

America and EU have three main interests in the region:

1) USA and EU import oil from the Persian Gulf and Latin America (in case of USA), which are politically unstable regions. Therefore, America and EU are looking for alternative sources for its oil import.

2) US and EU Authorities have their commercial interests in the field of exploitation and transportation of oil. They hope that expansion of the American and European companies in the region will contribute to economic development in the countries of the Caucasus and Central Asia, and further integration of the region into the world economic system. Expansion of commercial activities of the American and European companies in Caucasus, important investments and installation of modern American and European technologies will bring the increasing of political influence of USA and EU in the Caspian Sea Territory.

3) These projects will reduce foreign threat, support independence and territorial integrity of Black Sea and Caspian states. It will also promote development of the democratic institutions and principles of market economy in Caucasus and Central Asia. According to the opinion of western scientists, transportation of Caspian oil will be one of the main contributors to economic development and political stability in oil-rich Azerbaijan, Kazakhstan and also for Georgia, as a transit state.

So, The USA, which satisfies more than 50% of oil import from politically instable region such as Persian Gulf, views Black and Caspian Sea regions as the possible alternative way of getting "Black Gold" and reducing dependence on Persian Gulf oil. This brilliant opportunity came to the USA after Soviet collapse. The emergence of new nations in the region contributed to the fulfilment of the US geopolitical ambitions.

EU is depended for about 70% on the imported oil. Interests of Europe toward the Caspian and Black Sea Regions are determined almost with the same factors as for USA.

Imperialistic Ambitions of the Russian Federation in the Caspian/Black Sea Region

Russia - Influence of the war on Russia's domestic and foreign policy

The Russian military aggression against independent country led the international community to reinterpret Moscow's foreign policy goals, and to reconsider Russia's place in the International system in general. After the collapse of the USSR, some in the west believed that Russian Federation would choose the democratic direction. They also thought that Putin's assertive foreign policy was more or less appropriate for an economically ascendant country. Russia was invited and joined G7, an informal grouping of leading industrial states (now G8), and Russian companies were included in major foreign stock exchanges. Furthermore, Russia managed to be as major player in world energy markets, with the EU heavily reliant on Russian oil and gas supplies.

After the war, the Russian economy was the first to feel the negative effect of the military aggression. According to various estimates, several billions USD in foreign investment capital fled Russia, the benchmark Russian trading system (RTS) stock index dropped to its lowest level, and several of the biggest foreign investors

pulled out of the country. The central bank of Russia had to pour a huge amount of cash into the money markets to keep the Russian national currency rouble from falling.⁴

Together with the economic damage, Russia is facing military fall-out from the war. The Central European and Baltic states intend to develop and strengthen their military ties with Washington. After the Russian aggression in Georgia, Poland – which was hesitating before, rushed to sign a deal with the USA to place elements of the US missile defense system on Polish the territory. Other Eastern European countries are expected to follow suit. Following the Georgia-Russia war, the US and NATO naval presence in the Black Sea has become almost permanent, leaving Russia seething with anger. Meanwhile, the Pentagon promised to do its best to assist in the restoration the Georgian Armed forces. It cannot be ruled out that Georgia will upgrade its military cooperation with USA and NATO in the near future.

American and EU leaders openly condemned Moscow for its illegal actions in Georgia and suggested that Russia may face international isolation. Their critical attitude may become ever stronger in the future. The European Union implements active measures for the development alternative energy transit routes. In September 2008, the USA suspended its civilian nuclear cooperation deal with Moscow. In addition, for Russia will be more difficult to join the World Trade Organization (WTO). Russian economic growth will certainly be decreased.⁵

Russia failed to secure the support from strategic partners of Moscow in CIS and Shanghai Cooperation Organization. Despite the Kremlin’s pressure, no member of the CIS, a Russia-controlled alliance, has agreed to recognize the independence of Abkhazia and South Ossetia. The Shanghai Cooperation Organization, an alliance of several Central Asian countries, Russia and China, also refrained from endorsing the birth of the two independent republics of South Ossetia and Abkhazia, largely due to China’s firm position. The Russian invasion of Georgia will certainly make CIS countries more wary of Moscow’s intentions. In the long term each of them-especially those facing the danger of separatism on their own territories – will seek alternative alliances.

At the same time, it is expected that Russia will continue to cause destabilization on the territory of Georgia, thus to weaken Georgian statehood. It can be implemented by creating destabilization near the occupied zones, implementation terrorist attacks against infrastructure on the territory of Georgia, to support pro-Russian political forces etc. The deterioration of the political situation in Georgia will cause loosing the trust of the western states toward Georgia and failure of the further integration of Tbilisi to European and Euro-Atlantic structures and implementation of the energy projects, which are bypassing Russian territory.

Involvement of Russia in Energy Projects:

Among the political circles of Russia, there is a fear that implementation of oil and gas projects in Caspian Region will result the losing of Russia’s political influence in the region, and will decrease the volume of Russia’s oil and gas exports. Additional volume of oil and gas will decrease the international prices on oil and gas, which subsequently will reduce incomes to the Russian state budget. It’s also worth mentioning that Russia itself is an active participant in Caspian oil projects. Since 1997 an oil pipeline connecting Baku (Azerbaijan) to the Russian port of Novorossiysk has been put into operation. Besides, in the beginning of 21-st century, the pipeline from Kazakhstan to Novorossiysk was also recovered. Russian Company `Lukoil` represents the shareholder of International oil consortium which is engaged in oil projects on the territory of Azerbaijan.

Alternative projects presented by Russia:

In 2006, Gazprom proposed an alternative project, in competition with the Nabucco Pipeline, that would involve constructing a second section of the Blue Stream pipeline beneath the Black Sea to Turkey, and extending this up through Bulgaria, Serbia and Croatia to western Hungary. In 2007, the South Stream project through Bulgaria, Serbia and Hungary to Austria, or alternatively through Slovenia to Italy, was proposed. It is

seen as a rival to the Nabucco pipeline.

South Stream

South Stream is a proposed gas pipeline to transport Russian natural gas to the Black Sea to Bulgaria and further to Italy and Austria. The project would partly replace the planned extension of Blue Stream from Turkey through Bulgaria and Serbia to Hungary and Austria, and it seen as rival to the planned Nabucco pipeline. The completion is due by 2015.

The South Stream pipeline project was announced on 23 June 2007, when the Chief Executive Officer of Italian energy company Eni Paolo Scaroni and the Vice-Chairman of Russian Gazprom Alexander Medvedev signed in Rome a memorandum of understanding of construction South Stream. On 22 November 2007, Gazprom and Eni signed in Moscow an agreement about establishing a joint project company for the commissioning of the marketing and technical feasibility studies of the project. The joint venture South Stream AG, equally owned by Gazprom and Eni, was registered on 18 January 2008 in Switzerland.

Turkey

The end of the cold war has had a profound effect on Turkey's regional agenda and standing. Long a pivotal member of NATO, it was presented with an opportunity for regional leadership, based on geographic position, multiple historic ties, and strategic heft. While its special relationship with the United States is a matter of public record, an expanded American, as well as NATO, role in the South Caucasus Region would risk complicating Turkey's own role there.

The south Caucasus is of particular geopolitical interest for three reasons. First, the region is a gateway to Central Asia. Second, it provides direct access to the markets of the West for the Caspian oil and Gas. Here Iran's anti-western policies and US "containment" of Iran have made the region even more significant. Third, Azerbaijan and Georgia are of the utmost strategic importance to Turkey. Their independence and territorial integrity are regarded as indispensable for the security and stability not only of the South Caucasus but also of Central Asia.

At the same time, Turkey faces even more formidable external constraints and policy dilemmas in Georgia and South Caucasus Region. First, Russia's political objectives and military presence in the occupied regions of Georgia and deployment of military bases in Armenia often clash with Turkey's interests in the Region. Russia is Turkey's major economic partner and its most energy supplier. Russian-Turkish trade is worth more than 30 billion dollars and includes natural gas (imports from Russia account for close to 70 percent of Turkish gas consumption), construction and tourism. The Blue Stream gas pipeline, built according to a 1997 agreement between Turkey and Russia, was in direct competition with the East-West energy corridor from the Caspian to the Mediterranean⁶. But other factors are likely to affect Turkey's policy with regard to western involvement in South Caucasus Region. These include, but are not limited to, tensions between in bilateral U.S.-Turkish relations over Iraq war and after its aftermath; Turkish concerns about the impact of development in Iraq on Turkey's own Kurdish population; and Ankara's reluctance to take a back seat to the United States in Regional activities that directly effect Turkey's national interests.

While Turkey is bound to play an important role in any U.S. or NATO policy in the Black Sea Region, it is not content to serve merely as a conduit of US and NATO policies in the far south-eastern corner of Europe, or as the bridge between the Euro-Atlantic community, the South Caucasus, and, beyond. Thus, there is no substitute for direct U.S. and wider NATO involvement in the Region⁷.

These include, but are not limited to, tensions in bilateral US-Turkish relations over the Iraq war and Ankara's reluctance to take a back seat to the United States in regional activities that directly affect Turkey's national interests.

Due to the deterioration relations with west, which are interrelated with some tensions between USA and Turkey and existence of the problems related to the becoming of Turkey the plenipotentiary member of EU, it can be explained the initiative of Turkey after Georgia-Russia war, to establish “Stability platform for South Caucasus” and involvement to this initiative Russian Federation.

It should be mentioned, that Ankara will try to have balanced policy toward Georgia and Russia. It was pointed out the interests of cooperation between Moscow and Ankara, but at the same time Turkey has important interest toward cooperation with Georgia. Particularly, it is interrelated with the energy projects- Baku-Tbilisi-Ceyhan oil pipeline and Baku-Tbilisi-Erzurum gas pipeline, also the involvement of both states in the consideration of Baku-Tbilisi-Akhalkalaki-Kars railway project. It is expected to connect two countries railway system through this project. It is expected to finish the construction of this pipeline in 2012.

Furthermore, Turkey is number first foreign-trade partner of Georgia. On the share of Turkey comes about 20% of the foreign-trade operations of Georgia⁸.

It is necessary to point out, that territory of Georgia gives the possibility to Turkey to establish contacts with Azerbaijan, the closest partner of Ankara.

Iran

In essence three broad developments at the end of the 1980's and early 90's directed Iran to develop relations with its South Caucasian neighbours. Simultaneously, the collapse of the Soviet Union and the rise of New Independent States (NIS) changed Iran's geopolitical situation to the North. New immediate security threats arose, such as conflict between Armenia and Azerbaijan, the escalation of inner conflicts in Georgia. So while the political developments of Iran's western border limited its ability to conduct active policies, developments on its northern border opened up opportunities as well as serious threats. Under enormous pressure from its young population to achieve economic progress, and as a result of the increasing instability in the region, Iran turned its attention towards its northern neighbours.

To have a better understanding of Iran's foreign policy approach towards the South Caucasus, it should be analysed Tehran's relations with Georgia.

Georgia shares no common border with Iran and has the least developed relations with Iran among the South Caucasian states. Diplomatic relations were not very strong in the past and Iran kept out of Georgia's internal disputes. However, the war between Georgia and Russia has opened a new chapter of bilateral cooperation. Georgia is desperately seeking a way out of its political dependence on Russia and Iran can play positive role in this issue. For example, when in 2006 Moscow imposed heavy economic sanctions against Georgia, cut transport links and announced that it would more than double the current gas price for Georgia from \$110 to \$230 per 1,000 cubic meters⁹. After this fact, it became clear, why a closer relationship with Iran is so important to Georgia. By the decision of the Authorities in Tehran, in January 2006 import of natural gas from Iran to Georgia was implemented. As one of the regional powers in the South Caucasus, Iran has the potential to supply Georgia with gas and be alternative energy importer for Georgia. Stronger economic ties with the Islamic Republic could help Tbilisi to diversify its trade. Tehran is eager to find a new customer for energy exports and to expand its economic ties. Following the conflict between Moscow and Tbilisi, Tbilisi announced that gas from Iran and Azerbaijan could fully replace Russian gas. Moreover Iran and Georgia agreed to swap electricity via Armenia.

It is interesting to pay attention to the fact, that in October 2008, Minister for Foreign Affairs of Iran visited Georgia. Despite the fact, that for mass-media main topics of negotiation are not familiar, it can be assumed, that possibility of the joining of Iran to stability pact in South Caucasus has been considered.

At the same time, it should be pointed out, that Iranian President Ahmadinejad, during the making speech at the General Assembly of UN in September 2008, openly blamed US and NATO in the escalation the

conflict between Georgia and Russia.¹⁰

Foreign policy and National Security Priorities of the South Caucasus States in the Region

Armenia

Among Russia's allies on the post-soviet space, it was Armenia that suffered the greatest impact from the Russian-Georgian war. Due to the ongoing blockade of Armenia by Azerbaijan and Turkey, Georgia is seen by Yerevan as vital link between that country and the rest of the world. About 70% of the foreign-trade operations of Armenia are implemented via by the using transport infrastructure of Georgia. During this war Armenia has lost about 680 million US dollars¹¹. When Russian troops destroyed a key railway bridge in Georgia, Armenia was quick to send materials and engineers to assist the reconstruction of the bridge.¹²

The war posed a foreign policy dilemma for Armenia. As Moscow's most faithful ally in the region, Armenia was expected to endorse the Russian aggression against Georgia. But its heavy reliance on Georgia as a crucial transport link to reach the outer world caused Yerevan to adopt a more moderate position in order to avoid irritating Tbilisi. Despite strong pressure from Moscow, it was only on August 13 that the Armenian president Serzh Sarkisian phoned Dimitry Medvedev to praise Russia's efforts to bring "stability" to the region. However, despite the Russia's attempt, Erevan has refused to recognize the independence of Abkhazia and South Ossetia.¹³

The Russian-Georgian war may become an important milestone for Armenian foreign policy. Russia's illegal recognition of two breakaway regions in the South Caucasus – on the territory of Georgia has serious implications for the resolution of the Nagorno-Karabakh problem. During the Russian-Georgian confrontation, Yerevan called for the peaceful settlement of the conflict. The Armenian leadership hopes that official Baku will learn the Georgian lesson and never attempt to restore its territorial integrity by force, while the independence of Abkhazia and South Ossetia may pave the way for recognition of Nagorno-Karabakh.

The war between Russia and Georgia convinced Yerevan that it was an appropriate time to normalize relations with Turkey, set aside its historical grudges and starting discussion about possibility to open border between two countries. "Football diplomacy" reached a new level in Armenia on September 6, when the national teams of Armenia and Turkey met for their first-ever match in a World Cup qualifier in the Armenian capital.¹⁴ The Turkish leader's unprecedented visit to Yerevan, when Armenia and Turkey did not have diplomatic relations during the long time and his talks with Serzh Sarkisian raised hopes of better relations between the two countries, although there is still a long way to go despite the decision, which has been reached in Geneva about restoration the diplomatic relations.

If Armenian-Turkish relations improve, Georgia will become more vulnerable to Russian pressure, Moscow will consider the Armenia has alternative transport routes and may decrease the volume of goods via Georgia and put Tbilisi under increased pressure. But, at the same time Armenia will still be dependent on the transport routes of Georgia, especially after the reopening of the Russia-Georgia border in Larsi (northern part of Georgia) in March of 2010

Azerbaijan

In the first days of the war Azerbaijan declared that regaining the lost territories by military force was the right solution. Later, however, Baku refrained from such statements, apparently trying to avoid to irritate Russi¹⁵. Two aspects of the Russian-Georgian war are important for Azerbaijan.

Firstly, if Tbilisi had succeeded in restoration its territorial integrity by the using force, Azerbaijan would have had a stronger argument for resolving the problem of Nagorno-Karabakh by military means. Azerbaijan's defence budget is increasing year by year, especially after the increasing the World price on oil, and a military solution to the Karabakh problem is a popular talking point for the Azerbaijani political elite. But the

Georgian experience is likely to discourage Baku from using its armed forces to regain Nagorno-Karabakh. Baku understands that the Russian-Georgian war is a good illustration of what a military conflict with Russia's ally may entail, especially taking into consideration the fact, that Armenia is a member of CIS Collective Security Treaty Organization, and Russia has legal obligations to protect Armenia in case of war¹⁶.

At the same time, Georgia's failure to restore its territorial integrity by force after the illegal interference of Russia in the military operations on the territory of Georgia, has eased the pressure from political hawks and hundreds of thousands of refugees on Azerbaijani president Ilham Aliyev. Secondly, the conflict may force political elite of Azerbaijan to revise its foreign policy if the West, and especially the US, fails to protect Georgia from the Russian aggression and fails to provide the country with strong economic and military assistance in the post-war period. If so, Ilham Aliyev could find it advantageous to strengthen ties with Moscow. At the same time, official Baku still refuses to import the whole volume of natural gas to Russia, and tries to have balanced policy between North and West. For example, Azerbaijan considers to increase the volume of export of Natural gas and oil to Russia, but at the same time Azerbaijan has become the member of EU Eastern Partnership Program in 2009 and actively considers with the EU to be actively involved in “Nabucco” gas pipeline project.

New Security Environment in Georgia after Georgia-Russia War.

The war in August 2008 changed the political situation in Georgia dramatically. It is clear, that there are no Georgian-Abkhaz and Georgian-Ossetia conflicts any longer, as they effectively mutated into a wider confrontation between Russia and Georgia. The problem of Georgia's territorial integrity has become the question of national statehood and sovereignty as the Georgian central government controls less territory today than it did before the escalation of conflict, when its control was spreading on the important parts of South Ossetia and Abkhazia. Georgia's image as an “efficient state” was shattered and the country may plunge into new internal political turmoil. Georgia's future depends on international security guarantees and support as ever before.

Implication of the war for the breakaway regions

After the events in August, crisis it has become clear that a direct negotiation process between the conflicting parties is highly unlikely. It is especially relevant to South Ossetia, as its de-facto authorities are closely connected (and depended) with Russian military circles, while unification with North Ossetia seems a more attractive option for local residents than does independence. So, the de facto annexation of South Ossetia may soon become de jure and the region will be simply incorporated into the Russian Federation. At the same time, it is a paradox that South Ossetia has become independent while North Ossetia – where historically Ossetian statehood existed, remains part of Russia. It will be interesting to see how Moscow will sort out this problem.

With regard to Abkhazia, part of its ruling elite strongly supports the idea of independence and despite the close ties, opposes Russia's full hegemony in the region, giving the Georgian government some room for manoeuvre. But unless the international community is strongly involved in Abkhazia, Moscow will easily get rid of the pro-independence Abkhaz elite. It is important to remember in this regard that ethnic Abkhaz do not form a majority in Abkhazia – there are about 30% of ethnic Abkhaz in this separatist region.

Influence of the war on Georgia's foreign policy

After the August 2008 events, the western democratic community found itself in a strange predicament. On the one hand, the west has pledged to take active part in the conflict resolution process; on the other hand, opportunities for western involvement are limited, since both conflict zones remain under the full Russian control and, given the current rhetoric, Moscow will hardly agree to an international peacekeeping operation in Abkhazia and South Ossetia. So the prospects for the internationalization of the conflict



settlement process and entrance of the EU monitors inside of the conflict zones seem as dim as ever.

The impact of the August 2008 crisis on the European and Euro-Atlantic prospects is not immediately clear. On the one hand, it is obvious that the Russian aggression turned the Georgian problem into an international security issue. Russia's repeated statements that it will block Georgia's (and Ukraine) joining to NATO, whatever it costs, might motivate NATO member-states to stand up to Moscow's blackmail and support the integration process. Besides, against the backdrop of political decisions, some questions need to be answered – How should the expansion go ahead before the conflicts are settled? What measures are necessary to ensure a strong western presence in the conflict zones?

The rapid deployment of EU observers in the buffer zones around Abkhazia and South Ossetia is quite a realistic short-term goal that the west can achieve in Georgia. It is feasible as long as Russia is unlikely to pull out its troops from Abkhazia and South Ossetia in the near future. In addition, it is a vital precondition for getting the political and economic process in Georgia back to normal, rebuilding its war-damaged infrastructure, and facilitating the country's European integration.

Main Threats and challenges to the National Security of Georgia

Political Threats: Among the main threat should be mentioned about Internal conflicts and occupation by Russian Federation about 18% of the territory of Georgia in August 2008. This factor endanger Georgia's sovereignty, territorial integrity, non-violability of borders and jeopardize establishment of constitutional order on the whole territory of the country. Illegal arms and drugs trade, trafficking and other transnational crimes have found fertile ground on the occupied territories. Moreover, Russian occupants and representatives of the separatist regimes systematically violate human rights on the uncontrolled territories, especially in the occupied regions, which are mostly populated by ethnic Georgians in Gali district of Abkhazia and Akhagori district of South Ossetia. Moreover, these territories can be used by terrorist groups for achieving their aims.

After Georgia-Russia war, Russian Federation's military forces are present on the territory of two historic regions of Georgia (Abkhazia and South Ossetia) without any political or legal ground. Their presence has a negative impact on the security environment and stability of Georgia and the entire region.

International terrorism is a serious threat to the national security of Georgia, especially considering that Georgia finds itself in the region close to the terrorist bases of the North Caucasus and Middle East. Moreover, existence of the territories uncontrolled by Georgian government creates favorable conditions for the activities of international terrorist groups. International terrorism is especially problematic for Georgia, taking into consideration that despite implementation of some reforms after "Rose Revolution", single national crisis management system in final shape has not yet been developed.

Poor control of the state borders represents a major problem for the national security. Illegal cross-border movement of the citizens of other countries, additional deployment of the occupational forces in two occupied territories of Georgia and entrance illegal arms and drugs trade, as well as systematic violation of Georgia's air and maritime borders after August 2008 events often take place.

Possible actions directed against the infrastructure of strategic importance especially after Georgia-Russia war pose threat to the stability of the country and efficient functioning of national institutions. It is especially important to protect oil and gas pipelines and objects of energy and transport infrastructure at the territory of Georgia from terrorists and illegal armed formations, which are deployed at the occupied territories of Georgia. Moreover, attempts of occupational and separatist forces to damage of domestic and international transport networks, as well as of the institutions of strategic importance represents a threat to national security.

Deepening of political confrontation among the political forces, extremism, intolerance and xenophobic trends in the society endanger constitutional order of Georgia, national unity, protection of human

rights, promotion of the values of liberal democracy and state stability in general.

Military Threats: Despite the occupation of the 18% of the Georgian territory in August 2008, due to the readiness for further resistance of the Armed Forces of Georgia and pressure from the International Democratic community, Russia has not managed to implement its final goal – to occupy whole Georgia and overthrow government in the country. Accordingly it still exists the Possibility of second military aggression against Georgia from Russian side, which will pose an immense threat to the independence, territorial integrity, liberty, national unity, welfare and peace of the country.

Lacking of some defense capabilities, especially anti-aircraft systems jeopardizes national security.

Conflicts in the neighboring countries represent potential source for Georgia’s destabilization, illegal movement of armament, activation of terrorism, possible involvement of the country in the conflict and the mass influx of refugees to the territory of Georgia.

Among the New Challenges should be pointed out about:

New forms of terrorism, such as bio-terrorism;

Possible proliferation of the weapons of mass destruction, its components and technologies necessary for its development;

Illegal arms and drugs trade, trafficking, smuggling and other transnational organized crime; Information related challenges.

Main Directions of Georgia’s National Security Policy of Georgia after Georgia-Russia War

National Security Policy of Georgia is based on fundamental national values of Georgia, serves the realization of Georgia’s national interests and addresses threats and challenges before the national security.

Strengthening of public administration and consolidation of democratic institutions. For the avoiding further political confrontation between the Government and oppositional forces of Georgia, it is necessary to build democratic and free society and to create a transparent and accountable system of governance based on the rule of law.

For this purpose it is necessary to clearly distribute functions between executive, legislative and judiciary branches of the government, to reform all three branches, foster democratic principles of governance and establish a culture of changing government through constitutional procedure.

Political system should become open for all citizens, what envisages their participation in the decision-making and implementation process, constant public control over the decision-making institutions and strengthening of the sense of accountability towards the society in the government.

Eradication of corruption, which after “rose revolution” exists in the “nepotism” form, is a necessary precondition for strengthen public administration and democratic institutions of the country.

Enhancement of defense capabilities. Taking into account the fact, that possibility of the implementation next aggression against Georgia by from Russian Federation still exists, the first priority in defense planning is to achieve maximum deterrence to avoid an attack on the country. In the event that aggression fails to be deterred, the primary military objective is the protection of sovereignty and territorial integrity of Georgia. Territorial integrity of Georgia must be maintained consistent with international law and along internationally recognized borders. Timely discovery of the sources of a threat, accurate analysis of the intelligence reports and effective interagency coordination are very important to effectively ensuring defense measures are taken. Based on the threats emanating from Russian combat forces, including those present in occupied regions, and taking account of the “lessons learned” during the August 2008 Russian aggression, re-balancing of Georgian Armed forces training is necessary to ensure greater emphasis on developing both

conventional and unconventional defense capabilities while maintaining the capability to participate in international peace support and stability operations.

When facing military aggression, the Armed Forces, as well as other state agencies will use all means possible to provide active resistance and will act in close coordination, while all resources of the state will be mobilized to reinforce its defensive capability. Under the concept of “total and unconditional defense”, rapid mobilization of reserve forces, combined with the coordinated actions of the Armed Forces and other state agencies will enable the country to inflict considerable damage and to hinder the enemy in achieving its strategic objectives.

Restoration of constitutional order on the whole territory of Georgia. As it is known, after Russian aggression, Georgia has lost control over the part of territories in Abkhazia and South Ossetia, where before the war jurisdiction of Tbilisi was spread. At this stage, country is unable to control 18% of its territories. Despite the starting negotiation process in the framework of Geneva format, restoration of the jurisdiction of Georgia on the above mentioned territories through peaceful negotiations is impossible on this stage since the central government of Georgia demands recognition of Georgia’s territorial integrity from de facto leadership of the occupied regions in return of acquisition of broad autonomy rights within unified Georgia. However, the “leadership” of both regions exclusively insists on the independence during the negotiations and does not consent to recognition of Abkhazia and South Ossetia as part of the territory of Georgia in any way. Especially after the recognition of the two above-mentioned regions by Russia in August 2008.

As the events of August 2008 have shown, the issues of conflict resolution and restoration of territorial integrity may not be solved through military means either Georgia will have difficulty in carrying out large military operations on the territories, where Russian occupation forces are deployed.

The only way for the restoration of the existing conflicts and de-occupation of Georgia is the economic development of the country. Economic development of Georgia will increase interest towards Georgia in the “disobedient” regions which ultimately may cause their consent to participate in various economic projects in return of restoration of Georgia’s territorial integrity.

Interests of Georgia to join NATO

Georgia views NATO as an organization of collective defence that is the central mechanism for providing security and stability in the Euro-Atlantic area. Georgia’s cooperation with NATO contributes to strengthening of democratic values in the country, accomplishment of democratic reforms, especially in the field of defence, as well as establishment of a secure and stable environment. Membership of NATO would not only endow Georgia with an unprecedented degree of military and political security, but would allow it to contribute to strengthening the security of Europe, particularly the Black Sea region. Georgia has already proved its readiness to share the responsibility of the collective security by sending its troops to Kosovo and Afghanistan”.

It can be asked the question, what specifically does NATO membership signify for Georgia?

The first view is that NATO membership is very effective tool for political and security reform. The second is that NATO is a club in which membership can and does favor state building. In this second view NATO membership is seen as a destination, to which a country can arrive only if it has completed a process of state building. The aspiration to join NATO raises the question “Where is Georgia headed”? The answer is toward assimilation with the Euro-Atlantic family of politically likeminded states.

It is important to note that Georgia has a somewhat different road to travel toward NATO membership than the Baltic Republics or other Eastern European countries had. Although the Baltic States were administered by the USSR, they were perceived internationally as having legitimate claims to statehood throughout the Soviet period. Georgia, in contradistinction, had to invent a modern statehood in the context of

the disintegration of the Soviet Union and the rampant conflict and confusion that was left in its wake.

For Georgia, NATO signifies a necessary tool to aid in building not just any state, but a democratic state. The standards for joining NATO are different now than they were in the 1950s. Georgia understands that the NATO integration requires real democratic development. Therefore, the democratic character of the state is paramount.

Georgia naturally suffers from an insecurity complex, especially after Georgia-Russia war in August 2008. It seeks a secure environment for its own existence and for the life and development of its citizens. NATO, primarily a security institution, addresses these needs and is considered as an umbrella or safe haven for small and weak countries who alone cannot overcome security threats.

Other aspect why Georgia strives to NATO is to develop economic stability, NATO brings stability and security in the region and so it brings economic development. NATO also gives the framework for the International Security operations. In which Georgia is already involved.

Georgia has shown convincing performance in both reforming its military forces and contributing to international security. It has developed into a full fledged democratic society. Georgia is ready to take its place as an essential member of the Euro-Atlantic community.

As for Georgia, it's clear from stated ambitions of the government that Georgia is taking a path targeted at integration with the European Union and NATO. To foster closer cooperation and to guide the relationship between NATO and the Caucasus and Central Asia, it has been appointed the Special Representative of the Secretary General of NATO for the Caucasus and Central Asia.

As NATO is making efforts to promote closer relationships with its partners, these partners also need to make their own efforts. For example, partners can participate in NATO peacekeeping operations and make progress in their own society on the values that NATO promotes, such as defense reform, defense restructuring, and fighting corruption. Georgia should be commended for a variety of initiatives on its part to work with NATO and to contribute to the relationship. Georgia has a long and winding road ahead of it if it wants to achieve integration into NATO.

Georgia's NATO membership will inevitably open and widen the path for the membership of the other countries of the South Caucasus, Armenia and Azerbaijan. These countries give increasingly frequent signals of readiness to participate in transatlantic cooperation at a much more advanced level than the Partnership for Peace (PfP) program currently offers.

Integration into the European Union

Historically Georgia represents a geographic, political and cultural part of the European space. Integration into European and Euro-Atlantic political, economic and security systems is a firm will of Georgian people.

Georgia considers accession to the European Union to be an important guarantee for economic and political development and a precondition for security.

At present, main legal framework of relationship between Georgia and the EU is the Partnership and Cooperation Agreement (PCA), signed in 1996. Since June 2004, Georgia is a member of the European Neighborhood Policy, what represents a precondition for the future approximation of Georgia with the EU. In November of 2006, Georgia and EU signed Action Plan, which takes into consideration cooperation in various spheres, including political, legal, security, economic, social, cultural etc. In May 2009, Georgia together with other five post-soviet states joined “Eastern Partnership Program”. It is a priority for Georgia to develop and an Action Plan within the European Neighborhood Policy and to timely and efficiently implement all priorities in the framework of the “Eastern Partnership Program”. In July 2010, EU and Georgia started the negotiation



process on the signing the Associate Agreement.

The Russian-Georgian conflict will increase the engagement of the European Union in Georgia. Consequently, it will be able to play a greater role in the South Caucasus. The European Union's large-scale economic and political support for Georgia and closer EU-Georgia ties will help the country recover from the conflict quickly, while the EU's international prestige will grow considerably.

Diversification of the energy sources has become an urgent theme for the European Union, an aspect reflected in the final resolution of the EU summit on September 1, 2008. The Russian-Georgian war high-lighted the danger of Russia's intentions to monopolise energy transits from Asia to Europe. It is very likely, therefore, that the west will begin lobbying for alternative gas and oil pipelines more actively.

Relations with the United States of America

Bilateral cooperation and strengthening of partnership with the United States is of a great significance for Georgia, especially after war with Russia. From the very day of declaring Georgia's independence, United States has been actively supporting its statehood, democracy, defense capabilities, and economic development.

United States of America represents the strategic ally of Georgia, and cooperation with Washington will remain one of the main direction of the Foreign policy of Georgia.

After the signing the Charter on Strategic Partnership, USA-Georgia relations will become more intensive.

If Washington's policy is successful in Georgia, i.e. if Russian troops are pulled out from occupation zone, Georgia's government system and national economy remain functional, and democratic processes continue unabated, US influence in the region will increase substantially, nearby countries will be more willing to cooperate with the US, and prospects of alternative energy transit projects will improve.

Perspectives of solution the security problems in Black Sea Region

In spite the existence of many problems in the Region, above mentioned latest positive events give us the reason to say that there are possibilities for solving security problems. First of all, the most important factor is the NATO enlargement and it's raising role in the world's global security environment.

After the fact the new members of Baltic and western coast of the Black Sea region joined NATO, the main strategy of the Alliance can now include more intensive cooperation with the former soviet republics from the Black Sea Region. First of all, it is necessary to mention about speech of former Secretary General of NATO in August of 2002 in Glasgow. He mentioned that `New and energetic relations with the countries of Caucasus would be one of the symbol of NATO in 21st Century.` Certainly, it does not mean that very soon states of Caucasus, also Ukraine and Moldova will become the plenipotentiary members of NATO, but active cooperation in terms of sharing NATO's experience in the field of security sector reform (civil-military relations), transition the Armed forces to the NATO standards, defense management, strengthening the democratic institutions, social-economic development and so forth, will play a positive role in the democratic processes in the Black Sea area by strengthening national independence and national security of this countries.

Economic aspects are very important for the solution of the security problems in the Region. Economic development can defeat separatism, because de-facto authorities and population of the separatist regions will be willing more to be integrated into the country, which they are separated from.

Among the economic aspects for solving security problems in the Region, implementation of international economic projects are key to mention. In these projects many states of Europe and Asia – including countries from Black Sea Region are engaged, which clearly demonstrates the process of

Globalization. First of all, it is project of Euro-Asian Transport Corridor and revival of the `Great Silk Road.` Starting from the 8-7 century B. C., states of Asia (China, India) had very close relations with antique Greek cities and later regions of Roman Empire through the territories of modern Turkey, Caucasus Region, western part of the Black Sea coast. The territory of the `Great Silk Road` included several routes on the way between Europe and Asia but the most important territory represents Black Sea Region.

In September of 1998, the International conference called `Revival of the historical silk road` was held. The representatives of 32 states including of course states from the Black Sea Region and 13 International Organizations attended the conference. Participants signed an agreement on the beginning of the construction works for the creation communication and transport corridor of Eurasia. Today, the main coordinator of TRACECA (Transport Corridor Europe-Caucasus-Asia) is the European Union funded - TACIS program.

Energy Projects which are implemented in the Region

Oil and Gas are the main sources of energy and their share is more than 60% in the world fuel economy and according to the forecast of experts, demand on oil will be increased about 25-30% for 2015. At the same time most of the countries of the Black Sea Region represent oil and gas importers. In this regard states of the region are trying to find the different alternative ways for the import of the energy resources. In this case one of the key role can play Caspian energy projects, where can be involved both-oil and gas-producers and oil and gas-importers of the Region.

Because of significant amount of oil and natural gas in Caspian Region – 200 Billion Barrels (32 Billion Tones) – Caspian Sea region has become the area of strategic interests of many leading Countries of the world. America and other democratic and economically developed states during the last several years are seriously considering extraction and exploration of Caspian Oil and Natural gas, which is a very important political and economic factor. One of the priorities for western states is to avoid the dependence on politically unstable Middle East and Russia, to find the alternatives sources in the oil-rich regions and to allow their oil companies to explore oil fields there.

There are several main players in the in the wide Black Sea area, which have their own strategic interests toward the energy projects. In this regard should be pointed out the following countries:

Involvement of Georgia in the Energy projects

Due to the important geopolitical location between East and West and because of its foreign political orientation, Georgia was actively involved in the Caspian energy projects implementation process. In this case, this South Caucasian country can play very important role as a transit state in the providing Black Sea countries by oil and gas, which as it is known is transported and will be transported in the future from Azerbaijan and Central Asia. There are projects, which are already implemented and projects, which can be implemented.

Among the projects, which have started functioning are the following:

Baku-Supsa oil pipeline:

Implementation of the project started in April 17, 1999 and by this pipeline is transported more than 5 million tones of oil per year. Through the Georgian port Supsa, part of the oil by tankers is exported to the Bulgarian port of Burgas, Romanian port Constanta and Ukrainian port Odessa. There are conducting negotiations with Kazakstan by the Azerbaijan and Georgian authorities about supply this pipeline by additional resources of oil. If the negotiation process is finished successfully, transport capacity of this route can be increased till 10 million tone per year and this factor will raise the possibility to increase export of oil to the Bulgarian, Ukrainian and Romanian ports and further transportation of oil from this ports toward the Europe by the using existing pipelines in Eastern Europe. In this case, very important role can play oil refinery factory in Constanta, which can produce more than 35 million tones of oil products per year. Besides, there are

perspectives of the oil transportation from the Supsa terminal to Odessa by tankers and later to pump “black gold” toward the pipeline “Drudzba”.

Baku-Tbilisi-Ceyhan oil pipeline:

With regard of the Baku-Tbilisi-Ceyhan pipeline, agreement about construction of this pipeline was signed on 18 November, 1999 in Istanbul. As it is known, pipeline has already started its functioning. Since 2011, it will be possible to transport more than 50 million tones of oil toward the Turkish port Ceyhan for its further export to the west. If pipeline receives an additional volume of oil from the Kazakh port Aktay, capacity will be increased till 80 million tones per year.

Kazakhstan Oil and Georgia:

The important role in the Black Sea energy security can play oil, which is transported by railway from the territory of Kazakhstan through the territory of Georgia till Georgian Black Sea port Batumi. Till the August of 2008, the volume of the transported oil was about 4 million tones. Implementation of this project was started in 1997 and it should be pointed out, that according to the experts, volume of oil-producing in Kazakhstan in 2012 can be reached 170-180 million tones per year but at the same time, oil-refinery factories of Kazakhstan can produce no more than 20 million tones of oil. In this regard, will be very interesting to conduct negotiations about transportation of the additional quantity of oil from Kazakhstan not only toward China and Russia, but also through territory of Georgia by pipeline and railway for its further transporting to the Black Sea ports. It is necessary to point out, that before the Russian invasion in Georgia, Georgian and Kazakh authorities conducted negotiations about building of the oil-refinery factory in Batumi, which should receive “black gold” from Kazakhstan.

Baku-Tbilisi-Erzurum gas pipeline:

Agreement about construction of the Baku-Tbilisi-Erzurum gas pipeline was signed in 2001 and at the in the beginning of 2007 gas transportation has been started. According to the plan, at the first stage pipeline will transport 8,4 billion cubic meter of natural gas and later volume will be increased till 16-18 billion cubic meters. Implementation of this project will improve the gas supply of Georgia and Turkey. This two countries which are mostly depended to the imported gas from Russia and particularly from Iran, will have an opportunity to receive alternative source of gas. Besides, it will create the convenient base for the further transportation of gas toward the other states of the Black Sea region.

Besides, of the above-mentioned projects, where Georgia plays a key role as transit state and which are already implemented, there are other projects and versions, which are being considered and can be implemented in the future by the using territory of Georgia.

Baku-Tbilisi-Akhalkalaki-Kars Railway

The determined role in the Black Sea energy security can play Kars (Turkey)-Akhalkalaki (Georgia) railway. Negotiations about starting the construction of the railway line were going on several years and in the beginning of 2007, representatives of Azerbaijan, Georgia and Turkey signed an agreement about project beginning in the second half of 2008. By this route will be possible to transport oil from Kazakhstan and Azerbaijan toward the Turkish ports and oil-refinery stations with perspective of the further export of oil and oil products to the west including countries of Black Sea region. If the project is implemented, circulation of commodities by the “TRACECA” line will be increased on 20 million tones.

NABUCCO Project

After the starting negotiation process in 2002, finally The intergovernmental agreement between Turkey, Romania, Bulgaria, Hungary and Austria was signed by five prime ministers on 13 July 2009 in Ankara. The European Union was represented at the ceremony by the President Jose Manuel Barroso and the

Commissioner for Energy Andris Piebalgs, and the United States was represented by Special Envoy for Eurasian Energy Richard Morningstar and Ranking Member of the United States Senate Committee on Foreign Relations Senator Richard Lugar.

The 3,300 kilometres (2,050 mi) long pipeline will run from Erzurum in Turkey via Bulgaria, Romania, and Hungary to Baumgarten an der March in Austria.

In early years after completion the deliveries are expected to be between 4.5 and 13 billion cubic meters (bcm) per year. Around 2020, the supply volume is expected to reach 31 bcm. The diameter of the pipeline would be 1,420 mm.

Construction of the pipeline is expected to begin in 2010 and is planned to be finished in 2014. It estimated to cost around €7.9 billion. The company leading the project is OMV.¹⁷

EU Projects:

Finding the alternative sources of gas import is actively considered among the political circles of EU. In the beginning of 2006, EU has founded a special commission, which should work out recommendations regarding the possible building of the Central Asia-Azerbaijan-Georgia-Turkey-Balkans gas pipeline. If the project starts, it is planned to connect pipeline with branch Ukraine-Moldova. According to the experts, for the project implementation will be necessary 6-7 years. Besides, exists other chance, by which will be possible the connection with Baku-Tbilisi-Erzurum pipeline branch from Central Asia, particularly from the gas fields of Turkmenistan and Kazakstan. In this case will be necessary to build 300 kilometer length pipeline via Caspian Sea. By this way will be possible to transport additionally 14-16 billion cubic meter of gas.

In January 2007, the issues regarding the EU future energy strategy were discussed during the meeting of the European Commission.

Together with other reasons, the necessity for the finding the alternative sources of gas import to Europe including the Black Sea Region is caused by the fact, that since 2007 Europe imports gas by higher prices. Main reason of it is that Russian “Gazprom” and Turkmenistan signed the contract, according to which “Gazprom” will be the exporter of Turkmen gas in Europe during the next three years. With regard of the price, “Gazprom” will purchase 162 billion meter of gas from Turkmenistan by higher prices, particularly by 100 \$ for 1000 cubic meter.

Conclusion

21st century creates good prospects for cooperation among the states. The reason of it is democratization of the world including of course, Black Sea Region. It gives us the reason to say, that security, political and economic problems in the region including the energy security problems will be gradually solved.

Finally, It is necessary to pay attention to the opinion of the great German philosopher, Immanuel Kant, who has mentioned that humanity would get the common and eternal peace. Let’s hope that this time will come very soon in all regions of the world, including Black Sea/Caspian Region.

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Transformed NATO in the Post-Cold War Era and New Threat Perceptions

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Abstract

During Post-Cold War era, economic and political transformation realised in the world. NATO lost its meaning by the collapse of Soviet Union in December 1991 and the fall of Berlin Wall in November 1989. With the end of the Cold War, NATO remained unfunctioned by ending the threat of communism. However, NATO revitalized by redefining its functions under the effects of 11/9 terrorist attacks.

During Post-Cold War era, geostrategic balances changed and the strategic importance of the Black Sea Region grows as parallel as new threat perceptions. The most important of these new threats and risk perceptions is global terrorism and proliferation of nuclear weapons.

Hence, in this study, it is tried to analyse new threats and risk perceptions as parallel as transformation of NATO in the Post-Cold War era. Within this framework, security threats in the Black Sea Region and strategies of NATO are discussed.

Key words: Black Sea, NATO, Post-Cold War

Introduction

NATO which was founded as West Alliance against the threat of 'communism' in 1949 lost its meaning of existence with the collapse of USSR. NATO employed for security in Western block, changed its structure by losing its function in the Post Cold-War era. In this context, NATO decreased its command structure officer number by 45% and number of general and admiral in Command Structure by 35% (Yılmaz,2009:s.412).

NATO had begun to be interrogated since losing its function as a result of ending threat of communism with the end of Cold War; however it was restructured by focusing on recent threats such as ethnic and religious inner conflicts/wars and then as a result of terrorist attacks experienced in USA in 2001. The current Strategic Concept was accepted in the 1999 Washington Summit. According to the principles of Strategic Concept which enables its global security mission and expands the radius of NATO action, the legality was provided which includes 5th article and enables NATO to conduct off-site operation.

The terrorist attacks which were carried out in USA World Trade Organization and Pentagon on 11th September 2001 played the most important role besides the threat of increasing number of internal conflicts in the world to restructure NATO. The 9/11 events had been a land mark both economically and politically. Following the September 11 attacks, the political discourse has transformed on a more insecure basis from 'collaboration' to 'security' (Arıboğan,2007:s.315).

Following the 9/11 events, the terrorist attacks occurred in Spain, Turkey and England created a mood of panic against terror especially in the developed countries. Defense sector has accelerated both by increasing



the sale of individual arms of defense such as gas mask, building panic room in house under the effect of fear society and secret propaganda mechanism; and due to increased budget of 'war against terror' of NATO according to new paradigm.

Following 11/9, the USA budget of defense not only increased, but also a new budget item has been initiated under the title of "homeland security". Defense sector has accelerated under the effect of 'war against terror', strengthening of NATO with re-construction, by terror fears in the world and inner conflicts which increased after Cold War. According to the data of US Office of Management and Budget; while the investments of Ministry of Defense increased as of 35, 7% between the years of 1963-86 in the period of Vietnam War; this rate was around 56% between 1999-2006 (Cypher,2007:s.31).

Transformation of NATO

NATO conducted its structural transformation with a new defense concept. The new threat perceptions of NATO contains drug and human trafficking, organized crimes, counter-terrorism, ethnic and regional conflicts, migration, the proliferation of weapons of mass destruction (WMD). NATO is exposed to off-site intervention with recent concept of security. 'Ethnic conflict and abuse of human rights' which is among the new threat perceptions of NATO, is included in the scope of off-site intervention. The article 5 of NATO was applied within the scope of off-site intervention for the first time in Bosnia-Herzegovina in 1995 and in Kosovo in 1999.

The threat perceptions of NATO has altered with the collapse of USSR, and the threats of new period has become primarily internal conflicts caused by identity in the axis of changing form of war and increasing nationalist movements; migration, drug and arms trade, global terrorism, proliferation of mass destruction weapons. Another perception of threat is the countries which have not adopted western values and where democracy has not settled. In this framework, collective security operations by Security Council for interventions towards societies and states which have not adopted Western values are possible (Ari, 1996:s.185).

In the framework of 'Preventive War Doctrine', the right of intervention was given to NATO against countries which harbor terror and shelter terrorists. While declaring Global War on Terror/GWOT, two poles which have found themselves in the Congress speech of USA President Bush as 'in favor of us' and 'against us'; countries which are asserted to be supporting terror were defined as 'evil axis'. Iran, Iraq, Libya, Syria, North Korea, Cuba and Sudan which are considered in the category of 'rough state' were evaluated within this evil axis. Rough states were regarded as elements which intercede to terrorism and proliferation of weapons of mass destruction and by this way threaten international peace and security (Tanter, 1999:s.250).

Increasing geo-strategic importance of Black-Sea Region after the Cold War

That the Black Sea Region was under the dominion of USSR in the Cold War period prevented the West to develop a strategy in this region. With the collapse of USSR and foundation of new independent states, a new period has started and so the West changed its perspective towards the Black Sea Region. Geostrategic importance of the Black Sea Region is profound due to being close to oil and natural gas reserves and at the heart of energy canals; therefore it has taken top ranks in the dominion target of the West after the collapse of USSR.

The main reason of rise of geopolitical importance of the Black-Sea Basin and Caucasus in the eye of the West is energy security. The region which owns natural gas and oil reserves is at the top of security issues list in the sense of energy canals brought to Europe. It is clear that the region will be on focus point of the West in the future as well as today since features of being both 'energy source' and 'energy canal' makes the region indispensable.

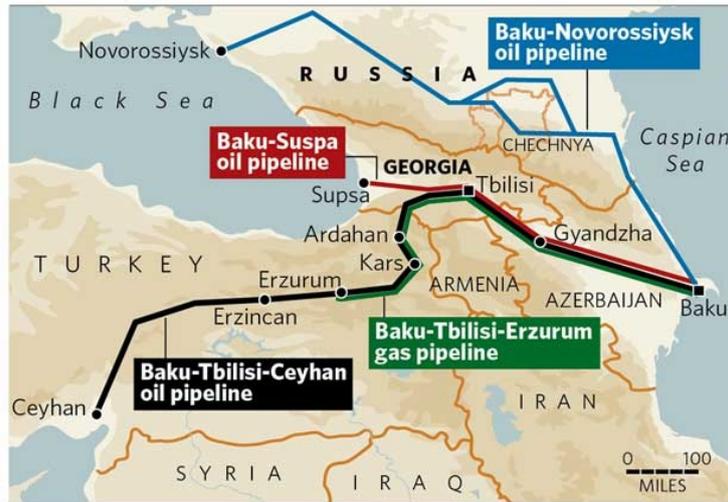


Figure 1: Caspian Pipelines Map.

Source: European Dialogue, (22.05.2011) <http://www.eurodialogue.org>

Due to having oil and natural gas reserves, it is thought that ethnic oriented and border conflicts in the Black-Sea Region and Caucasus will sustain in the future as they are within the field of hegemonic war; autonomous and independent new states will be founded and they will be directed by supra-national institutions in this chaotic environment. As seen in the table below; in the analysis of energy sources, the region’s share of oil generation in the world is 16,9% at the end of 2009 and generation of natural gas was 23,2%. The advantageous countries in the region are primarily Kazakhstan, and then Azerbaijan, Turkmenistan and Uzbekistan in the sense of oil generation; Turkmenistan and Kazakhstan in the sense of natural gas generation. Being an alternative to the Middle East in the sense of energy generation and transit road of energy lines explains increasing interest of the West under conditions of Post Cold-War period.

Table 1: Proved Reserves in the Caspian at the end of 2009

	Proven Oil Reserves (billion barrels)	Share of Total %	Oil Production (million tonnes)	Change 2009 over 2008	2009 Share of Total %
EU	6,3	0,5%	50,6	-6,1 %	2,6%
OECD	90,8	6,8%	860,1	-0,2 %	22,5%
OPEC	1029,4	77,2%	1574,4	-7,3 %	41,2%
Non-OPEC	180,9	13,6%	1602,0	0,1 %	41,9%
Former Soviet Union	122,9	9,2%	643,9	3,0 %	16,9 %
Total World	1331,1	100,0%	3820,5	-2,6%	100,0%
	Proven Gas Reserves (trillion cubic metres)	2009 Share of Total %	Gas Production (billion cubic metres)	Change 2009 over 2008	2009 Share of Total %
EU	2,42	1,3%	171,2	-9,3%	5,7%
OECD	16,18	8,6%	1127,2	0,4%	37,9%
Former Soviet Union	58,53	84,2%	694,9	-12,2%	23,2%
Other EMEs			1164,9	2,3%	38,9%
Total World	187,49	100,0%	2987	-2,1%	100,0%

Source: BP Statistical Review of World Energy, June 2010, www.bp.com



The biggest share in the total world consumption of energy is belonged to oil by the rate of % 35 in 2009, coal by the rate of %29 in 2009, natural gas by the rate of %24 in 2009.

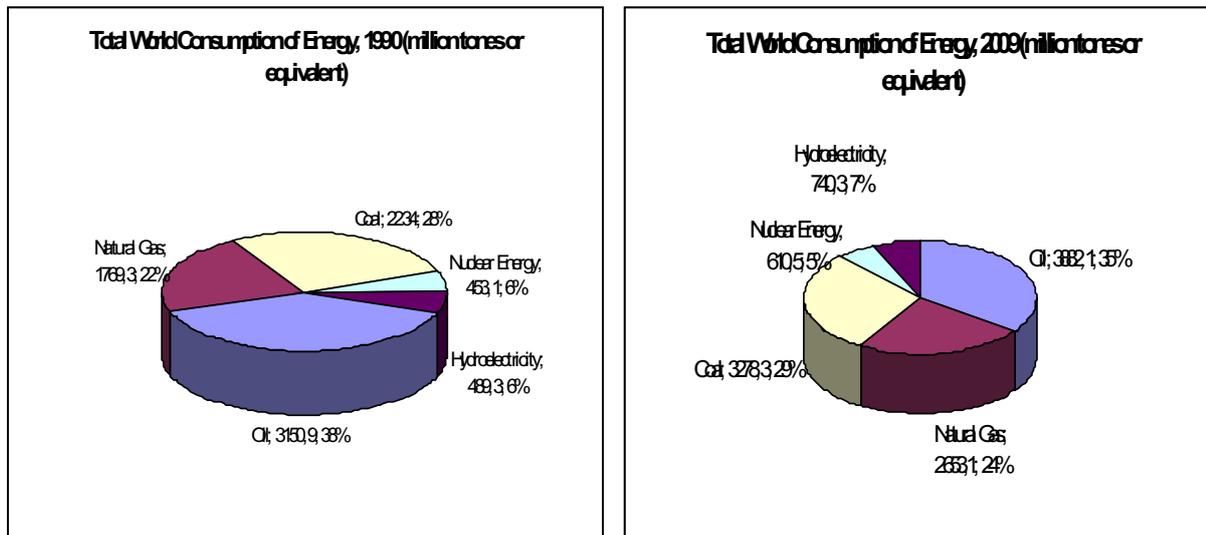


Figure 2: Comparison of Total World Consumption of Energy from 1965, 1990 and 2009

Source: BP Statistical Review Data, May 2011, www.investis.com

Georgia is one of the leading countries whose importance has increased though not having any oil and natural gas reserves. Geostrategic importance of Georgia which is one of the new coastal countries of the Black-Sea has increased due to being transit point of Caspian oil and natural gas reserves after the collapse of USSR. Besides being at the transit point of Baku-Supsa oil-pipeline; Baku-Tblisi-Ceyhan oil-pipeline and Baku-Tblisi-Erzurum natural gas pipeline; its being new coastal country of the Black-Sea caused its geo-strategic importance to increase (Yevseyev). Various pipeline projects are being developed in the region. While the importance of Georgia increases due to being transit country; on the other hand problems experienced with South Ossetia and Abkhazia occupy its agenda.

The Black-Sea Region and Caucasus in the transformed NATO agenda

Due to the intervention towards Afghanistan after 11/9 which is the economic and political turning point of the world, USA formed new military installations with countries in the field of former Soviet. Due to military bases located on these countries, a sustainable relationship on the basis of security was constructed (Khagani, 2007: 224).

The number of military base has increased in the scope of regional strategies and security issues. In the parallel of improved relations with NATO, domain of NATO and USA is thought to spread on geography from the Black-Sea Region to Caucasus, then from Caucasus to Afghanistan. As parallel, 25 military bases of Russia (Armenia, Azerbaijan, Belarus, Georgia, Kazakystan, Kyrgyzstan, Ukraine, Tajikistan, and Moldova) maintain its activity in the field of former Soviet (Lackowski, 2007:53). In fact, construction of both Russian and USA-NATO military bases are the indicator of hegemonic war in the 21st century.

In the scope of energy security of the West, new independent states were mentioned to participate the West Alliance. NATO has developed some programs in order to increase the ability of collective operation as parallel to the new threat perceptions. One of the most important program is the formation of Partnership for Peace-PfP which aims military cooperation with former socialist countries which are not member of NATO, which includes fields of activities such as peace keeping operations, crisis management, air defense, logistic, enquiry (Peksari,2007: s.56). The 'PfP' project started to operate in January 10-11, 1994 Brussels Summit. In the framework of adaptation to NATO, military and security collaboration is enabled thanks to military training

former socialist countries in Caucasus, Middle and Eastern Europe as well NATO strategic principles and basic values are adopted. Countries which are not member of NATO, but included in the program are as such:

Former Soviet Republics: Kazakhstan, Georgia, Kyrgyzstan, Tajikistan, Armenia, Ukraine, Azerbaijan, Belarus, Uzbekistan, Moldova, Russian Federation, Turkmenistan

Former Yugoslavia states: Serbia, Republic of Macedonia, Montenegro, Bosnia-Herzegovina

Conclusion

During Post Cold-War era, Caucasus and the Middle Asia gained the most important place in the enlargement politics of NATO. While it is aimed to decrease the activity of Russia in the Region which has critical importance in the sense of energy policies, joining of the countries in the Region to the Alliance plays vital role for enabling energy security and strategic superiority. However, countries in the Region cannot join the Alliance due to their ethnic problems and border conflicts. Regarding this situation within the new Strategic Concept of NATO, off-site intervention because of any kind of ethnic or religious conflict seems possible besides possibility of formation under the dominion and supervision of supra-national institutions after conflict as a result of this kind of conflict.

In the conflict environment of the post-modern world, another important result of internal conflict to be terminated by the collapse of nation-states. Another important result is to become a dynamic of the underground economy where political instability occurs or increases and security gaps occur during conflict period as well as Post-conflict period. Underground economy spreads on a wide range primarily on drug and arms smuggling, women trafficking.

The instability in the region not only includes political instability caused by internal conflicts but also economic instability caused by the unbalance in income distribution. In these old socialist transition economies, apart from problems caused by the settlement of democracy and adaptation to capitalist market system; problems of integration global trade are also experienced due to infrastructural inadequacies.

Instability causes alliances such as NATO to behave abstentiously about membership. Caucasus is at the center of war of powers in the 21st century with its oil and natural-gas reserves, for being the starting/transition point of pipelines, for both the geography spreading through Middle East and passage to the Black-Sea. The reflections of these hegemonic wars is observed sometimes in rebels organized by Civil Society Institutions, sometimes in change of governments, and sometimes in internal conflicts and border conflicts which increased in countries where military bases are located.

Although the Black-Sea and Caucasus are the privileged region in the enlargement politics of NATO where USA is an active power, countries in the region being included in the project within the scope of ‘PfP’ rather than membership of Alliance due to instability, points to the potential of increase in the conflict in these countries.

These countries named as transition economies, experience structural difficulties in the process of adaptation to liberalism while they cannot develop economically for being the target of dominion policies as transition country or owning natural-sources and oil-natural gas pipelines, as a result, they stay behind the world in the axis of political instability.

Geostrategic importance of the region, its borders being neighbor to Afghanistan on one hand, Balkans at the other side of the Black-Sea on the other, both bears the risk of spreading instability and chaos environment and shows that it will be the target of war for powers in the future as it is today for being in the position of target region.

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CHAPTER 3

GLOBALIZATION AND ECONOMICS, BUSINESS AND GLOBALIZATION, BUSINESS MANAGEMENT AND SERVICES



Tbilisi - Batumi, GEORGIA
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The Role of Loyalty Phases as a Moderator of the Relationship between Satisfaction with Service Recovery and its Drivers

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Abstract

Service failures are inevitable. Customers tend not to complain when they happen. Given that we are able to make customers complain, what actions should we take? We know what the drivers of satisfaction with service recovery are, but we do not know if they are of equal importance to all customers. Most likely not. I think the loyalty phase the customer is in effects the relationship between satisfaction with service recovery and its drivers. My preliminary findings support the hypotheses. Loyalty phases seem to moderate the relationship between satisfaction with service recovery and its drivers.

Keywords: *Customer Satisfaction with Service Recovery, Loyalty phases, Customer Complaint Behavior, Disconfirmation, Distributive Justice, Procedural Justice, Interactional justice*

Introduction

Very few customers complain despite having experienced service failure (Stephens and Gwinner 1998). The reasons for not complaining are plentiful (Vorhees, Brady and Horowitz 2006) and the consequences potentially devastating to a company resulting in increased “opportunity cost” (Fornell and Wernfelt 1987 and Vorhees, Brady and Horowitz 2006), lost market share and declining profitability (e.g. Estelami 2000). On the other hand if the customer complains it should be considered as a gift (Barlow and Moeller 1996) and listened carefully in order to take the right corrective actions turning the unhappy customers into delighted apostles singing our gospel. Leaning me on the logic of the service recovery paradox, this should be a possibility at least theoretically. Still, the support for such effects is mixed and seems to depend on situational factors such as the cause and severity of the failure and whether the company had control over the failure (Magnini, Ford, Markowski and Honeycutt (2007). Lowering my ambitions concerning customer satisfaction and loyalty after a service failure to a more realistic level, there are still many potential benefits to collect. To mention but a few, complaint handling provides information to improve products/services, positive customer attitudes, increased repurchase intentions, positive word-of-mouth and communication about the provider (Stauss and Seidel 2004, Stauss and Schoeler 2004). Lately, Luo and Homburg (2008) have even found that complaint handling has a stronger effect on stock value gap than customer satisfaction. Also, an efficient service recovery should prevent double deviations situations, i.e. inappropriate or inadequate response to a failure (Johnston and Fern 1999) turning a bad situation into an even worse one. In order to develop efficient service recovery systems, collect the benefits and avoid double deviation situations, I need to understand the customer's situation. From earlier work it is known that personal and situational factors have an impact on customers' assessments of service delivery and their level of satisfaction (e.g. Wilson, Zeithaml, Bitner and Gremler 2008). Also, customers engage in different types of relationships with service providers (Gutek, Cherry,

Bhappu, Schneider and Woolf 2000), like for instance service encounters, pseudo relationship or true relationships (Guttek, Cherry, Bhappu, Schneider and Woolf 2000) or they are acquaintances, friends or partners with the service provider (Johnson and Selnes 2004). These different relationships are compounded by different dimensions and the relationship between customer satisfaction and loyalty vary depending on the loyalty phase the customer is in i.e. cognitive, affective, conative or action loyalty (Oliver 1999). One of the first studies to investigate the effects of complaint handling on customer relationships was conducted by Tax, Brown and Chandrashekar (1998). They looked at how the interplay between satisfaction with complaint handling and previous experience affect trust and commitment. While Mattila (2001) studied how relationship type impacts customer loyalty in the context of service failure. Some few studies have been carried out to test Oliver's (1997, 1999) loyalty phases empirically (Evanschitzky and Wunderlich 2006, Harris and Goode 2004 and Sivadas and Baker-Prewitt 2000) as well. But, to the best of my knowledge and despite its relevance, none has tested this framework in the context of complaint handling or service recovery. As such the purpose of my study is to investigate how loyalty phases may affect the relationship between satisfaction with service recovery and its drivers. Hence the research question is:

To what extent do the loyalty phases moderate the relationship between customer satisfaction with service recovery and its drivers?

In this article I will first present a brief literature review and develop hypotheses. I describe my method of collecting data and present some preliminary findings from testing the hypotheses and the conceptual model. These early results are discussed briefly along with how the analysis can be preceded most efficiently.

Service Recovery Satisfaction

The antecedents

The drivers of satisfaction with service recovery are well established. Andreassen (2000), Olsen and Johnson, McCollough, Berry and Yadav (2000), Smith, Bolton and Wagner (1999), Tax, Brown and Chandrashekar (1998), all find support for justice or perceived customer equity as an important driver of satisfaction with service recovery. In several of these studies customer perceived equity or justice are operationalized and measured in terms of distributive, procedural and interactional justice (e.g. Smith, Bolton and Wagner 1999, Tax, Brown and Chandrashekar 1998). Although it seems like these dimensions are all important in influencing satisfaction with service recovery, they may play different roles with different effects. For instance Blodgett, Hill and Tax (1997) found that interactional justice can compensate for lower levels of distributive justice in creating satisfaction. Both Andreassen (2000) and Smith, Bolton and Wagner (1999) added disconfirmation of expectations toward service recovery as an antecedents to satisfaction with service recovery and found support in their data sets. Andreassen (2000) also included initial negative affect as a potential driver of satisfaction with service recovery, but did not find any significant effects or support for this as an antecedent. Schoefer (2008) on the other hand suggests that satisfaction with service recovery is based partly on cognitive e.g. justice and partly on affective responses. Schoefer found support for the proposed model showing that both cognitive and affective influences contribute to satisfaction judgment. As the role of affect in influencing satisfaction with service recovery receives mixed results and for the purpose of this study, I limit the drivers of satisfaction with service recovery to include procedural, distributive and interactional justice as well as disconfirmation. See the conceptual model in Figure 1.

The consequences

Exit, voice and loyalty are response to decline in firms, organizations and states (Hirschman 1970). Jagdip Singh (1990) was one of the first to apply Hirschman's framework to a consumer context. He applied it in different service categories and found support for the model in all of them. Later, all the customer satisfaction barometer models are based on this logic see e.g. Johnson, Gustafsson, Andreassen, Lervik and Cha (2001),

Fornell (1992), Fornell, Johnson, Anderson, Cha and Everitt (1996). Furthermore, Keaveney (1995) reported that core service failure, service encounter failure and response to service failure are three out of eight important drivers of customers switching behavior (pricing, inconvenience, competition, ethical problems and involuntary switching being the remaining five). Voorhees and Brady (2005) found that attitude toward complaining and perceived responsiveness moderate the relationship between encounter specific satisfaction and future complaint intentions. Of all these consequences of service failure, switching behavior and bad word-of-mouth or voice, are the ones I absolutely want to avoid. But is it so that only the relationship between service dissatisfaction and complaint intentions can be influenced or moderated or can the relationship between service recovery satisfaction and its drivers be affected also. If so, what are the likely moderators?

Loyalty Phases and Hypotheses

According to Oliver (1997, 1999) the loyalty phase the customer is in will affect the relationship between customer satisfaction and loyalty. Customer loyalty he defined as “a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior” (p. 392, 1997). But, this is not all. Oliver (1997, 1999) claimed that customers go through different loyalty phases starting with a cognitive phase, followed by an affective phase, then a conative phase ending up in an action loyalty phase. The loyalty grows stronger as customers move through the different phases. The cognitive phase being the weakest and the action loyalty the stronger phase. In each phase customers will evaluate the service and the delivery differently along different dimensions with different consequences. As service recovery is just another service delivery, I think that Oliver's claims are relevant for service recovery too. That is, I think that the loyalty phase the customer is in will affect the relationship between satisfaction with service recovery and its drivers. As such the first and overall hypothesis is:

H1: Loyalty phases moderate the relationship between satisfaction with service recovery and its drivers.

But how is it likely that the loyalty phase will influence the relationship between satisfaction with service recovery and the drivers. Let us look at the characteristics of each loyalty phase and consider the most likely role of each driver in each loyalty phase.

The cognitive loyalty phase

Cognitive loyalty is the first phase and a weak form of loyalty (Oliver 1997, 1999). Loyalty in this stage is determined by information of the offering, such as price, quality, etc. according to Evanschitzky and Wunderlich (2006) who have operationalized and measured the different phases. The customer's information is recently experienced or based on prior vicarious knowledge (Oliver, 1999). Evanschitzky and Wunderlich (2006) hold that consumers are likely to switch once they perceive other alternative offerings as being superior, especially when it comes to cost-benefit ratio or relative to price and value.

The affective loyalty phase

Affective loyalty is the second phase in the loyalty development process according to Oliver (1997, 1999). In this phase a “liking or attitude toward the brand has developed on the basis of cumulatively satisfying usage occasions” (Oliver 1999, p. 35). It reflects the pleasure dimension of the satisfaction in line with the definition of satisfaction as “the consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant” (Oliver 1997, p.28). Today, satisfaction is considered a global, cumulative evaluation (e.g. Evanschitzky and Wunderlich 2006, Olson and Johnson 2003) that can be predicted from perceived performance as the cognitive component of the evaluation. The fact that the affective loyalty is the second and not the first phase reflects the classical primacy of cognition hypothesis (e.g. Zajonc 1998), where appraisals are assumed to begin with cognitions (Oliver, 1997), i.e. customers evaluating and judging service features such as

price and quality. But, several researchers have raised the question whether the sequence of events always begin this way? (e.g. Oliver, 1997, Zajonc, 1980, 1998). Both Oliver (1997) and Zajonc (1998) conclude that it can be easily “defended for primacy of affect on several grounds” (ibid. p. 613). “In fact”, as summarized by Oliver (1997, p.310) even “a back-and-forth interplay of emotions and cognition over time is not unusual”. As customers of today tend to engage in different service provider relationships, of various length and complexity, the nature of the relationship will most likely influence and even alternate the sequence of events in the evaluation process (Liljander and Strandvik, 1997). Although, the primacy of cognition/affect may not be clear, I do for now assume the classical primacy of cognition hypothesis (e.g. Zajonc 1998), as this is the same causal order of the loyalty phases as suggested by Oliver (1997, 1999).

The conative loyalty phase

This is the third loyalty phase. In this phase the customer intends to continue as a customer of the service provider based on repeated episodes of positive affect toward the brand. According to Oliver (1999) “conation by definition implies a brand-specific commitment to repurchase. Conative loyalty then is a loyalty state that contains what, at first, appears to be the deeply held commitment to buy noted in the loyalty definition” (p.35). Still, it is important that this desire to repurchase may be and anticipated but unrealized action. Despite this element of uncertainty, intention to repurchase is the most widely used item to measure customer retention and behavioral loyalty (e.g. Zeithaml, Parasuraman and Berry 1996, Johnsons, Gustafsson, Andreassen, Lervik and Cha 2001).

The action loyalty phase

This is the fourth and last loyalty phase. In this phase the motivated intentions in the previous loyalty states are transformed into readiness to act and actual behavior. In addition to be ready to act, the customer must have a desire to overcome obstacles that might prevent the act. For action to happen both these states are necessary, inertia will develop facilitating repurchase (Oliver 1999). Although, I recognize the difference between conative loyalty and action loyalty, I will not include the last phase in my study for practical reasons.

Comparing the content of each of the phases and the drivers of satisfaction with service recovery, I think that distributive, procedural and interactional justice and disconfirmation are dimensions that are more relevant as foundations for evaluation in the cognitive and/or the affective loyalty phase than they are in the conative phase. Furthermore, I do think that the relationship between satisfaction with service recovery and its drivers will vary with the characteristics of each loyalty phase as they are described above. Still, at this point in time, I allow myself to be relatively explorative and hypothesize roundly that:

H2: The effect of distributive justice on satisfaction with service recovery will vary with loyalty phase.

H3: The effect of procedural justice on satisfaction with service recovery will vary with loyalty phase.

H4: The effect of interactional justice on satisfaction with service recovery will vary with loyalty phase.

H5: The effect of disconfirmation on satisfaction with service recovery will vary with loyalty phase.

The conceptual model summarizes the hypotheses in Figure 1:

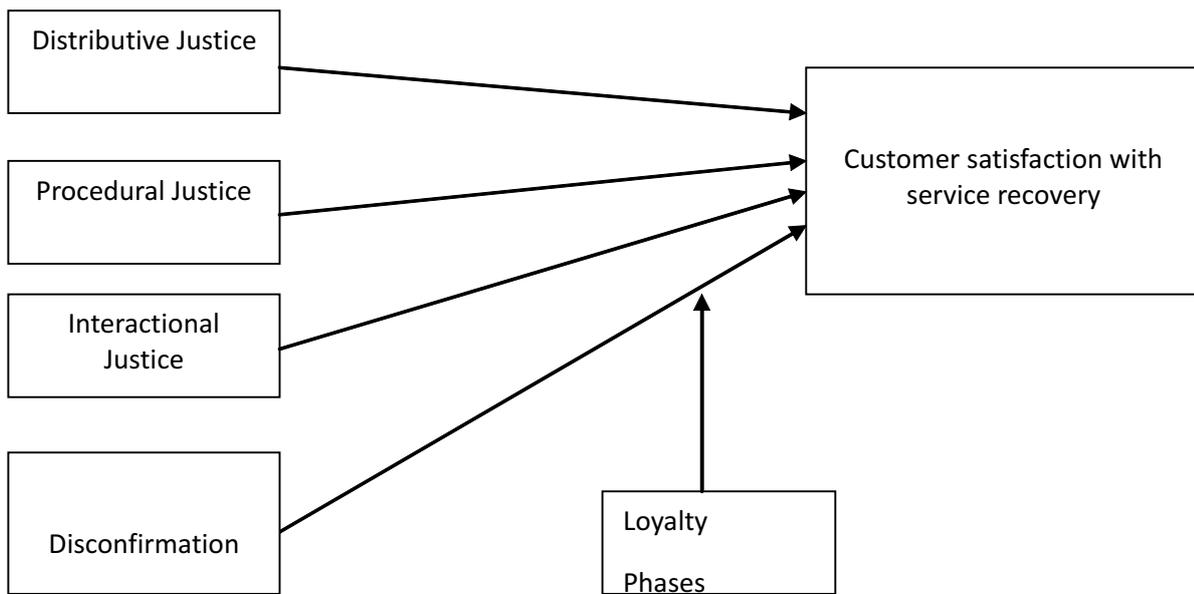


Figure 1. The conceptual model

This model is based on previous research such as Smith, Bolton and Wagner (1999), Tax, Brown and Chandrashekar (1998), Andreassen (2000), etcetera. Oliver's (1997, 1999) loyalty phases are entered as moderator in the model. Indicating that distributive, procedural and interactional justice as well as disconfirmation will all play different roles depending on the loyalty phase the customer is in.

Methodology

A quantitative design was chosen for the purpose of this study. A questionnaire was developed and the data collected through a survey. The sample consisted of customers from an international hotel chain. Following pre-testing, the study investigated customers who faced service recovery after service failure and was conducted on a convenience sample of respondents of 300 customers.

Because of missing values, 284 from the total of 300 surveys were retrieved and used for further analysis. The research result shows that 37.7% of the customers experienced the situation that produced dissatisfaction more than 8 months ago and 29.2% of the respondents expressed their dissatisfaction half a year ago. 52.1% of the customers did verbal complaint to the hotel, where the main preferred approach was face-to-face (53.2%). In general, 41.5 % of the customers have expressed dissatisfaction about product and service 3-4 times in the course of the past year.

The following demographic characteristics of the sample exhibited. The final sample contained 60.6% males and 39.4% females. Most of the respondents were business customers (86.6%). Descriptive statistics indicates that 83.8% of the customers stayed more than 6 nights per year. For age, most respondents were in the group of 36-45 (59.9%) The educational background of the sample varied with 10.6% with some high school, 19.7% college/university undergraduate, 56.3% college/university graduate and 8.8% having further education after college/university. For household's yearly gross income, most of the respondents were in the group of 500000-749999 (25.4%) and 749999-999999 (25.4%).

Measures

All the variables considered were measured on a 7-point Likert scale. The questions used to measure the variables in the conceptual model are all based on well-established scales from previous research, i.e. the measure of satisfaction with service recovery is based on Andreassen (1997, 2000). The scales for distributive, procedural and interactional justice were taken from Voorhees and Brady (2005). While the disconfirmation

scale was based on Oliver's (1980) work. The operationalization of Oliver's (1997, 1999) loyalty phases was based on the modified scales by Harris and Goode (2004).

Analysis of data

Reliability was examined via Cronbach alpha coefficient. Nunnally (1967) argues that a score above 0.5 is reliable for basic research, however the score over 0.70 proposed in the literature (Nunnally 1978). Reliability constructs were high for satisfaction with service recovery (0.841), distributive justice (0.968), procedural justice (0.927), and interactional justice (0.958). However, no reliability information was reported for disconfirmation by Oliver (1980). At the same time the scale does not have a good reliability in this study either (0.131).

Although in the Harris and Goode study (2004) the Cronbach alpha for the cognitive and conative loyalty were 0.69, it is still considerably close to the threshold value of 0.70 and higher than the 0.50 threshold that originally proposed by Nunnally (1967). Conative loyalty had an alpha coefficient of 0.626, cognitive loyalty phase 0.732 and affective loyalty phase 0.794. Taking these into account I believe that the scales are reliable and meet the proposed thresholds. See Table 1.

Table 1. Cronbach's alpha for the measures employed in this study

Measures	Chronbach’s alpha	Number of items
SSR	0.841	3
Distributive Justice	0.968	5
Procedural Justice	0.927	5
Interactional Justice	0.958	5
Disconfirmation	0.131	2
Cognitive Loyalty	0.732	4
Affective Loyalty	0.794	4
Conative Loyalty	0.626	4

Results and Tests of Hypotheses

With a sample consisting of 284 customers I decided to run hierarchical regression analyses in order to test the conceptual model and the hypotheses. In the first step of the hierarchical regression analysis, distributive, procedural and interactional justice and disconfirmation were entered as the independent variables and satisfaction with service recovery as the dependent variable. In the next step, to test for the moderating effect of loyalty phases, all the phases were entered as independent variables, i.e. cognitive, affective and conative loyalty phase. Based on the results from these analyses, I identified certain patterns and effects that need further research. First, at this point in time, I see that the conceptual model replicates well. I find support for the model in the data set and the model provides a relatively high R2 of .645 or 64.5 % in the first step, where only the drivers effect on satisfaction with service recovery are measured. All the drives i.e. justice dimensions and disconfirmation have significant effects on satisfaction with service recovery. Of the variables, distributive justice seems more important, followed by procedural justice, interactional justice and disconfirmation respectively. The two latter variables have negative effects on the dependent variable. In the next step, where all the loyalty phases and interaction terms are entered as independent variables also, the R2 increases to .677 or 67.7 %. When I analyze the pattern and strength of the relationship between satisfaction with service recovery and its drivers, I find indications of that these relationships are moderated by loyalty phase. As such I may draw that H1 is supported. Next, I look at the effect of the loyalty phases when they are entered as independent variables. See Table 2.

Table 2. Model Summary

Model	R Square	Adjusted R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	.645	.640	.645	121.458	.000
2	.677	.668	.032	8.585	.000

The findings in this study confirm that distributive justice is more significantly and positively related to SSR when the relationship is moderated by cognitive, affective and conative loyalty phases. Distributive justice has a beta value of 0.374 at $p < 0.05$, thus supporting H2.

Moreover, the Pearson Correlation presented in Table 3 shows that there is a positive relationship between distributive justice and SSR ($r = 0.688$). The relationship between these two variables was significant (0.000).

H3 argues that the effect of procedural justice on SSR will vary with loyalty phase. Beta values indicate strong support for this claim. Procedural justice has a beta coefficient of 0.563 at $p < 0.05$. Moreover, the results of the Pearson Correlation presented in Table 3 indicate a strong correlation between procedural justice and SSR ($r = 0.727$) were significant ($p = 0.000$).

H4 contends that the effect of interactional justice on SSR will vary with loyalty phase. Interactional justice has a beta value of (-0.353) in at $p < 0.05$.

Moreover the correlation matrix, displayed at Table 3 generates support for this view with a positive ($r = 0.525$) and significant ($p = 0.000$) bivariate association.

H5 reasons that the effect of disconfirmation on SSR will vary with loyalty phase. The multiple regression analysis shows the effect of disconfirmation on SSR with an absolute beta value of (-0.158) at $p < 0.05$. See Table 3.

Table 3. Coefficients

Model		Beta Coefficients	t	Sig.
1	(Constant)		4.925	.000
	Distributive_Justice	.619	9.285	.000
	Procedural_Justice	.563	11.018	.000
	Interactional_Justice	-.353	-5.232	.000
	Disconfirmation	-.117	-2.979	.003
2	(Constant)		3.300	.001
	Distributive_Justice	.374	4.548	.000
	Procedural_Justice	.605	10.684	.000
	Interactional_Justice	-.313	-3.528	.000
	Disconfirmation	-.158	-3.921	.000
	Cognitive	.235	2.621	.009
	Affective	-.082	-1.361	.175
	Conative_Loyalty_Phase	.120	1.838	.067

Correlations

Pearson Correlation	SSR	1.000
	Distributive_Justice	.688
	Procedural_Justice	.727
	Interactional_Justice	.525
	Disconfirmation	.034
	Cognitive	.626
	Affective	.532
	Conative_Loyalty_Phase	.384
Sig. (1-tailed)	SSR	.
	Distributive_Justice	.000
	Procedural_Justice	.000
	Interactional_Justice	.000
	Disconfirmation	.288
	Cognitive	.000
	Affective	.000
	Conative_Loyalty_Phase	.000
N	SSR	278
	Distributive_Justice	275
	Procedural_Justice	276
	Interactional_Justice	278
	Disconfirmation	278
	Cognitive	276
	Affective	278
	Conative_Loyalty_Phase	273

Based on these early results I can draw that H2, H3, H4, H5 and H5 are also supported. The drivers play different roles from phase to phase and the phases seem to play different moderating roles, i.e. quasi or pure. These interesting tendencies require further analyses to be run so that more definite conclusion can be drawn.

Conclusion

The main purpose of this study was to look at the potential moderating effect of loyalty phases on the relationship between satisfaction with service recovery and its drivers. Five different hypotheses were developed and tested. In my preliminary findings, support was found for all of the hypotheses. That is, my results at this stage indicate that loyalty phase may moderate the relationship between satisfaction with service recovery and its drivers.

When investigating this phenomenon further, hypotheses on how the different drivers of satisfaction with service recovery behave in each phase should be developed, based on a more in-depth literature review. Most likely gaining more insights would require other statistical analyses as well. Relevant to this study would be the procedure suggested by Baron and Kenny (1986) on analyzing moderator effects as well as Sharma (2003) who provides some interesting guidelines in this respect. Finally, differences between the three loyalty phases may call for multi-group analyses which may be run applying the LISREL software for instance (Jöreskog and Sörbom 1989).



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Cybernetic Methodology for the Forecasting of Global Economic Crisisès

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Abstract

There are a lot of scientist economic research which are devoted to the problems of world economic development and the reasons of economic crisis but these problems have no real solution. Actually the existing economic theories can't forecast economic crises. As a result economic crises are happened suddenly and only afterwards the experts tried to explain their reasons. But the "explaining" are too late, economic crisis already had grave consequences, especially for the pure and small countries with transient economy, as it happened recently. From the cybernetic point of view the problem of economic crisis' forecasting is the topic of management in the conditions of not full information. In this case it is possible to conduct the optimal management (i.e. forecast economic crisis) on the basis of the factors' analysis and consideration probability characteristics of "noise". The article considers an opportunity of economic crisis forecasting on the basis of cybernetic methodology that gives a chance both to the countries based on global economy to avoid or weaken results of the global economic crisis and to business companies to craft an optimal strategy of a company's development during the crisis.

Keywords: *Economic crisis, forecasting, "shadow player", environment analysis, winning strategy, cybernetic approach, "noise", feedback, Bayesian methodology.*

*"The one who does not reflect on far difficulties,
has to wait troubles soon by all means"
Konfutsy (Kun-Tszu)*

Introduction

There are a lot of scientist economic researches, which are devoted to the problems of world economic development and the reasons of economic crisis but these problems have no real solution. Actually the existing economic theories can't explain the nature of modern economic relations and forecast economic crisis

As a result economic crisisès are happened suddenly and only afterwards the experts tried to explain their reasons. But these "explainings" are too late, the economic crisis already had grave consequences, especially for the pure and small countries with transient economy, business companies of these countries are especially vulnerable.

Policy makers, businessmen, managers have to understand or to go through the key areas which can affect a business and/or policy of a country. The key areas of business activity include a lot of various political and economic factors, among them we can detach those which are out of the firm's control (fiscal and monetary policy, population levels, the labor market, etc.) and those under the firm's control (costs, prices, profits, product development). By understanding the issues surrounding these varied subjects any policy maker, businessman, manager should be able to better analyze the existing data and construct practical and

useful forecasts from them. Forecasting is an art as well as a science - successful policy maker or businessman, effective manager must unlock its secrets.

Not all businessmen, managers or decision makers have to make forecasts or conduct market analyses, but since they all will be in situations where they must make decisions using these data, it is important that they understand how those data were derived. In conditions of stable development of the world policy and economy it is possible to decision-makers of a company (provide policy makers of a country) with a reasonable understanding of the tools most widely used for making sales forecasts and analyzing markets. Political analysis and forecasting is not so easy because of in this case we have no relevant information as in case of economic data, but economic development is connected very closely with political situation, so in order to make correct economic forecasting it is necessary to take into account political consideration, and in order to make political forecasting it should be considered economic consideration, including a possibility of political and/or economic crisis. Information from sales forecasts and market analyses usually acts as the focal point for a firm's planning activities. The firm has to use various fiscal and economic data to guide its inventory, decisions for any type of activity as well as its decisions related to the expansion/contraction of its work force. Fiscal and economic data also influence a firm's expansion to new areas, its purchases, capital investment, its promotional and market activities. Because these data play such an important role in a firm's planning process, it is crucial that these forecasts and analyses be accurate and that decision makers understand how they were derived.

As people advance in their business careers, the number of situations requiring decisions and the impact of those decisions increases dramatically. Successful managers or decision makers seem to have two inherent qualities: a willingness to make tough decisions and a high rate of success in those decisions. Their success flows from an ability to combine intuition and general know-how with solid information. This know-how might be a formal technique used to estimate future events, or it could be informal set of procedures the decision maker developed just for this situation. In any case, the more tools a decision maker is familiar with and can use, the greater his/her chances will be for making right decisions.

But in conditions of the world economic crisis, which as usual is unexpected attack to an economy of the world, all normal estimations of a business development became un-useful and, as a result, most of companies, especially the companies with not strong financial background, declare their bankrupt, which is followed by various, very unhappy consequences - arising of unemployment, inflation, etc. (sometimes including – political crisis). Of course we have to admit that not only objective economic processes are the reasons of global crisis, an essential role is belonging to the “shadow players”, which artificially stimulate the crisis situations.

Nevertheless, it is clear that forecasting is very essential for any type of activity. Generally, it is possible to forecast economic development of a country (an industry, a company) only in more and less stable political and economic situation. Unfortunately, as a world economic history shows it was impossible to forecast the world, global economic crisis.

What is possible to do? What is possible to do? It is necessary to develop methods of economic crisis forecasting, even if the accuracy of forecasting is not satisfactory from the point of determination of the exact dates and places of crisis beginning. Only to give notice about economic stability changing (worsening) should be enough in order to craft a new strategy, which will help a company (a country) to save a company (country's economy) without great losses.

The article considers an opportunity of the world (global) economic crisis forecasting on the basis of cybernetic methodology that gives a chance both to the countries based on global economy to avoid or weaken results of the global economic crisis and to business companies to craft an optimal strategy of a company's development during the crisis. In this case the role of forecasting is possible to introduce as it shown at Fig. 1 (Bagaturia, 2011, p. 21), which presents the external-internal framework of strategic situation analysis and

forecasting for a single-business company. It indicates both the analytical steps and the connection between business forecasting and winning business strategy.

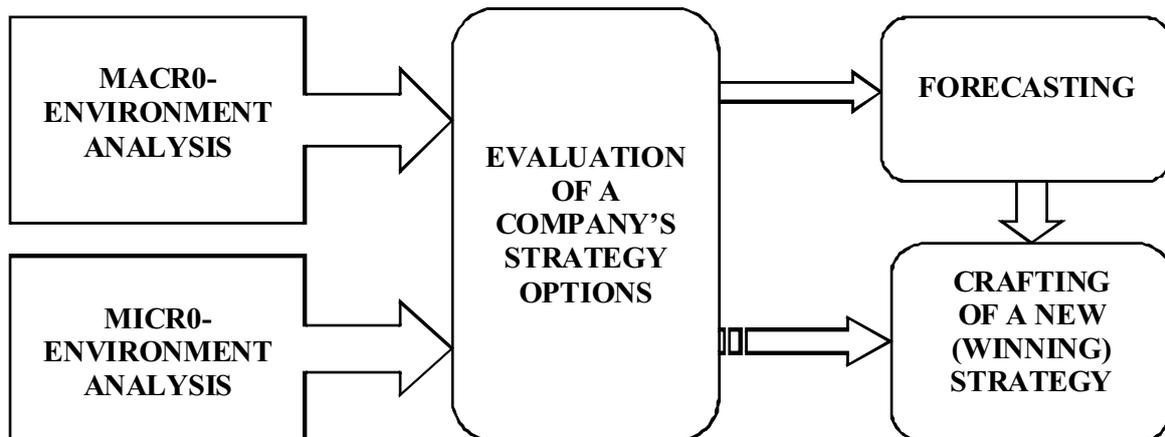


Figure 1. The Role of Forecasting - From Analysis & Forecasting to Winning Strategy Choice.

Generally forecasting is needed in order to choose a winning strategy for a company's (a country's) successful development on the basis of three fundamental analyses. The fundamental directions of the analysis includes

1. Macro-environment analysis i.e. analysis of national & global economy, industry and competitive conditions, political situation, etc.,
2. Micro-environment analysis i.e. the company's (country's) own internal situation, political-economic stability, competitive position (particularly for a business company), etc., and
3. Evaluation of existing strategy of a company (a country)

In this case we can note the logical flow from analysis of the company's external and internal situation to evaluation of alternatives, forecasting of each alternatives and to choice or to craft of a new (winning) strategy that includes establishing a mission, setting objectives, goals, aims, tasks, criteria, etc., generally - the ways of a company's development.

The necessity of such analysis is shown more clearly if we use the cybernetic approach

Cybernetic approach

Forecasting is the process of estimation of various events in unknown situations. From another – *cybernetic* - point of the problem of economic crisis' forecasting is the topic of management in the conditions of not full information. In this case it is possible to conduct the optimal management (i.e. forecast economic crisis) on the basis of the factors' analysis, consideration probability characteristics of “noise” and feedback.

Cybernetic approach considers an economic system from the position of the theory of management (Bagaturia G., Bagaturia O. 2005). Such approach must be used for management and analyzing of economic processes, among them for the tasks of business management. The fig. 2 shows general structure of an economic system from the point of cybernetic view. The processes taking place inside are unknown or little known for us. At our disposal there're outside processes acting on the economic system (denoted as X) and the reaction of the object on this influence, its response (denoted as Y).

The task of optimal management is to form and implement such decisions (managing influence - denoted as U) that will give opportunities to achieve the aims with consideration of social-economic, political processes taking place outside and inside of the object i.e. existing value of entrance factors and influence of

„noise“. Particularly for the economic system inside and outside processes are estimated by GDP, Export-Import Balance, Income, Costs, Unemployment level, FDI, Currency rate, Inflation rate, etc.

For checking up how well we achieve planned goals, the criterion of estimation must be selected rightly. According to the criterion we have to ascertain how effective is our decision, how we're approaching to our goal. After decision making and its testing realization it's important to analyze the feedback information. Decision should be corrected, changed or finally realized according to feedback results. May be it is necessary to reconsider the criterion of optimality and demands to entrance factors too. The criterion is strategic if its can change in compliance with changing circumstance.

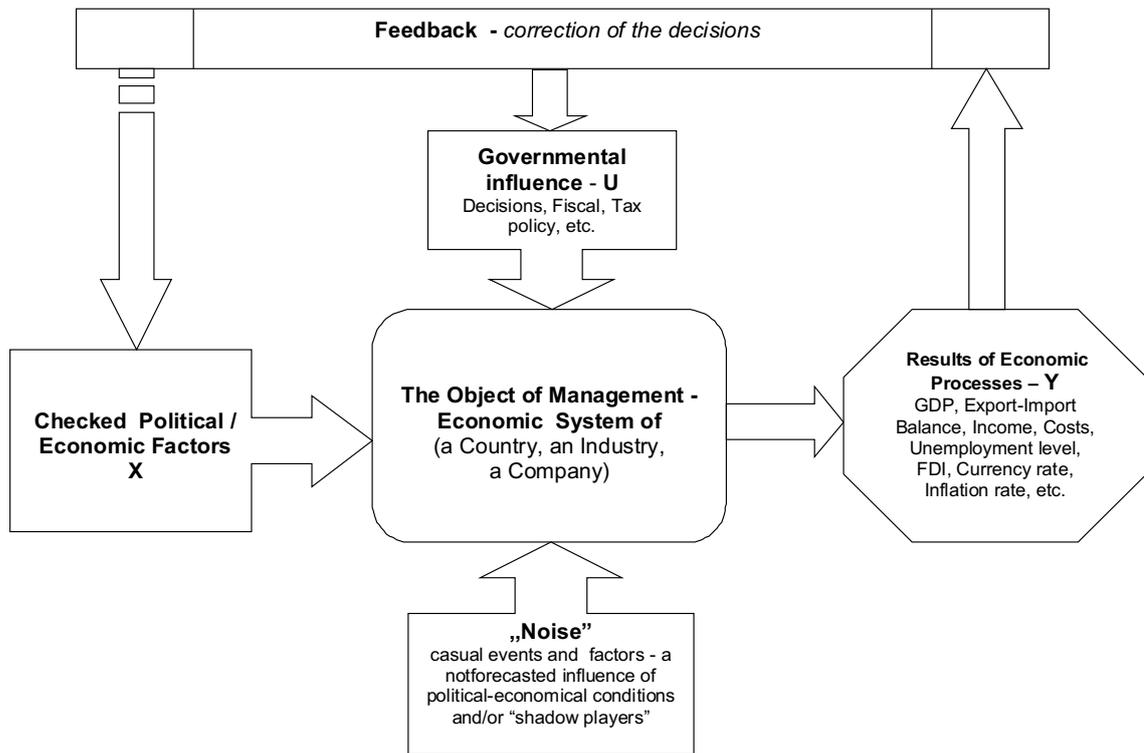


Figure 2. Cybernetic model of economic system management

Economic process, functioning of a country's (a company's) economy is influenced by the inside and foreign political-economic circumstances as well. The character and intensively of influence, time and place of its appearance aren't define in advance, particularly in the conditions of unstable political and economic circumstances. Generally, such situation is in the developing countries of transitive economics. Nonprogrammable and unpredictable action of political-economic circumstance as a rule makes negative influence of the functioning of the existed political system, so, political-economic environment should be belonged to „noise“ in accordance with point of management view. By the using of the feedback link theoretically is possible the prognostication of influence of political-economic „noise“ (including influence of the “shadow players“) and the choice of relevant strategy. In the conditions of effective and viable public management the feedback influences on economic system and forms various demands that finally will stimulate the achievement of ultimate aims.

In case of correct definition of X, U, Y, „noise“ it is possible to estimate (i.e. to forecast) the probability of changing of any factors of the economic system. For this reason we use Bayes Methodology

Bayes methodology

Consider event X (crisis), which is happened by

$$Y_i, i=1,2,\dots,n$$

ways.

Say we know the *priori* probabilities $P(Y_i)$ (*hypothesis about X occurs*). The question is: How will change $P(Y_i)$ after X happen? So we have to estimate a Posterior probability

$$P(Y_i/X) = ?$$

In accordance with Bayes formula we have (Aczel, 1996, p. 703)

$$P(Y_i/X) = \frac{P(Y_i) \times P(X/Y_i)}{P(X)},$$

Where

$$P(X) = \sum_{i=1}^n P(Y_i) \times P(X/Y_i).$$

So, it is possible to forecast probability of crisis occurs

$$P(Y_i/X)$$

on the basis of priori probability

$$P(Y_i)$$

For the practical using of above mentioned methodology it is necessary to be listed and estimated:

- The ways of crisis happening – Y_i ;
- To evaluate Priori probabilities $P(Y_i)$; and
- To evaluate Conditional probabilities $P(X/Y_i)$.

For this reason it is necessary to utilize environmental scanning techniques. *Environmental Scanning* involves studying and interpreting social, political, economic, ecological, and technological events in the effort to spot budding trends and conditions that could eventually affect the industry. It attempts to look broadly at “first of its kind” happenings, what kinds of new ideas and approaches are catching on, Environmental scanning raises managers' awareness of potential developments that could have an important impact on industry conditions and pose new opportunities and threats. Environmental Scanning can be accomplished by systematically monitoring and studying current events, constructing scenarios, and employing the judgemental (Delphi) methods (a technique for finding consensus among a group of “knowledgeable experts”). Although highly qualitative and subjective, environmental scanning helps managers lengthen their planning horizon, translate vague inklings into clearer strategic issues (for which they can begin to develop a strategic answer), and think strategically about future developments in surrounding environment. The scope of monitoring must be both financial and strategic objectives (e.g. Revenue growth; Dividends; Profit margins; Higher returns on invested capital; Stronger bond and credit ratings; Bigger cash flows; A rising stock price; A more diversified revenue base; Stable earnings during recessionary periods; Market share changing; Industry rank; Higher product quality; Lower costs relative to key competitors; Broader or more attractive product line; A stronger reputation with customers; Superior customer service; A leader in technology / product innovation; Increased ability to compete in international; Expanded growth opportunities; etc.), tendencies of the global and national economy, chief characteristics of the national economy and the industry; relations between national and global economy, driving and competitive forces, companies competitive positions, future competitors, key success factors, etc.

At the same time a forecaster has to take into account a threat of mistakes. These mistakes, basically, are connected with consideration only one variant of succession of events, with errors of extrapolation, with putting on high hopes on use of mathematical methods or, on the contrary, with ignoring of mathematical methods, with insufficient attention of an estimation various factors, with failure to take possible changes into

account and, at last, with self-deception when in the real phenomena businessmen or managers do not notice dangerous tendencies and remain in a captivity of illusions.

Conclusion

Who does need forecasting? Almost every organization uses forecasting either explicitly or implicitly, they must plan to meet the conditions of the future for which it has imperfect knowledge. Forecasts are needed in finance, marketing, personnel, and production areas, in government and profit-seeking organizations, in small social clubs, etc. Is it possible to forecast the global economic crisis? Exactly forecasting is not possible but the article considers the opportunity of global economic crisis forecasting on the basis of using the cybernetic methodology and methods of stochastic processes analyzing (Bayesian methodology). The above discussed methodology gives an opportunity to forecast the Probability of crisis and make the relevant recommendations for the countries and companies in order to design the optimal strategy.

E.g. building crisis in Georgia and CIS countries was possible to forecast 2-3 years before, when in USA hypothecary (mortgage) problems began. Georgian companies which in that time have sold the property by low (but not panic) price have survived. Otherwise, the companies which didn't pay attention to USA real estate problems now declare bankrupt.

The successful business executive is a forecast first. So, on the basis of correct implementation of above discussed methodology it is possible to forecast the crisis and develop company's (country's) strategy accordingly.

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Energy Policy in South Caucasus Region

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Abstract

One of the geopolitical importances of South Caucasus is energetic resources. By this way Western countries could decrease the dependence from Russia and Middle East. The stability in this region means access to the oil and gas of Caspian region without any restriction. Caspian region has 3-4% of world oil reserves, and 4-6% of world gas reserves. These resources are not efficient, but to have these resources could be an important alternative way. Controller of South Caucasus may have access not only to energetic resources, but also to the transport corridors. It is obvious that if we talk about oil and gas resources, we would emphasize Azerbaijan, which is only country that have hydrocarbon resources. Azerbaijan is in the 3rd place for its hydrocarbon reserve. Signed the Contract of Century in 1994 due to these resources and in 1997 gain from Azeri-Chirag-Guneshli were success in energy policy. In 1999 Baku-Supsa pipeline began to act. BTC began to realize its work in 2005 and it cross three states- Azerbaijan, Georgia, Turkey. The agreement about project of the building of Nabucco was signed in 2005. The opening of Baku-Tbilisi-Erzurum was the continuation of previous success. It is started in 2007.

Energetic resources have tremendous impact on geopolitical importance of the South Caucasus region. By this way Western countries could decrease the dependence from Russia and Middle East. These countries in the region have several features: Azerbaijan has important and serious economic potential. Today Baku plays the role of "Green Corridor". Georgia is sea power. Armenia has not got both of these. The stability and security in this region means access to the oil and gas of Caspian region without any restriction. Caspian region has 3-4% of world oil reserves, and 4-6% of world gas reserves. These resources are not efficient, but to have these resources could be an important alternative way.¹

Controller of South Caucasus may have access not only to energetic resources, but also to the transport corridors. It is obvious that if we talks about oil and gas resources in this region, we would emphasize Azerbaijan, which is only country that have hydrocarbon resources. Azerbaijan determined reserve of the energetic resources 1-6 billion ton, 0,5-4 trillion m3 gas.² Azerbaijan is in the 3rd place for its hydrocarbon reserve. The oil reserve of Azerbaijan in Caspian sector is 81 billion ton. There were signed the Contract of Century in 1994 due to this resources.³ The gain from Azeri-Chirag-Guneshli was the other success in 1997. In 1999 Baku-Supsa pipeline began to act. In 1996 another agreement was signed about Shahdeniz. There were signed 26 agreements in Azerbaijan during 1996-2007. In 2005 the gain of Azeri oil reached to top (22, 2 million ton). The export increased to 50%. BTJ began to activate in 2005 and it cross three states, the length is 1768 km (443 in Azerbaijan, 249 in Georgia, and 1076 in Turkey). The opening of Baku-Tbilisi-Erzurum was the continuation of previous success. It is started in 2007. BTA is 970 km. (442 in Azerbaijan, 248 in Georgia, 280 in Turkey). The agreement about project of the building of NABUCCO was signed in 2005. 2006 June 26 the

declaration about NABUCCO was signed in Wien between Turkey, Bulgaria, Romania, Hungary and Austria.⁴ In addition, Turkmenistan's independence from Russia and the cooperation with Azerbaijan could be considered the most important event in the Caspian and Caucasus of the first half of 2008. In addition, Turkmenistan's independence from Russia and the cooperation with Azerbaijan could be considered the most important event in the Caspian and Caucasus of the first half of 2008 years. Turkmenistan started the year with a gas price conflict with Iran and stopped the gas export, Turkmenistan became more free from Russia and signed a contract with Pakistan and Afghanistan on gas pipeline construction, continued the partnership with China. Uzbekistan signed a big gas contract with Russian Gazprom and Russia became a main actor in Uzbekistan gas sector.⁵

Furthermore, Azerbaijan, Romania, and Georgia interconnected in project which cold AGRI, in such way, LNG from Azerbaijan to the EU through Georgia and Romania. he deal has a preliminary cost of €2 - 4 billion and envisions the construction of two LNG terminals. The output is expected to be 7 billion m3/yr, with 2 billion m3/yr expected to got to Romania, allowing the rest to be distributed around the EU. The first stage of the project will be for a gas pipeline across the Caucasus to the Georgian port of Kalevi, where it will be liquefied and shipped across the Black Sea to a regasification terminal at the Romanian port of Constanta, from there it will be distributed across the EU via the Romanian gas grid.⁶

Overall, during 2005-2010. A lot of energetic projects in the South Caucasus completed. All these were results of collapse of USSR and creation of new secured energetic corridor. The energetic principles of this policy are noticed below:⁷

	Azerbaijan	Georgia	Armenia
Interests	To gain the oil and gas for world market beyond Russia and to engage the foreign companies and investigations to the oil-gas complexes	To achieve the economic flourishing by using geopolitical situation	To create the stability in transportation of resources
State refers to	The geographical nearness to the oil and gas resources of Kazakhstan and Turkmenistan and having energetic resources. The existence of Turkey as important partner.	The geopolitical nearness to Central Asia and Caspian sea, these resources conducting to west, the close of very good relations with Russia	The lack of energetic resources, closed borders with Azerbaijan and Turkey. The dependence on Georgia as a transit state. The dependence on Iran and Russia
Main partners	US, Turkey, Georgia and Western states	US, Turkey, Azerbaijan and Western states	Russia, Iran, US, and Western countries
The realization in the state	Realization of BTJ, BTE, and AGRI projects	Using geopolitical allocation, attendance in these energetic projects	Existence of AES, the dependence on the gas line from Russia

South Caucasus is an attentive military, economic, political, communicative region that creates relations between east-west. The region unites Black and Caspian Sea; and realizes energetic interests of Western states in the region. It is the bridge between cultures and civilizations. The region is embodiment of modernization beyond of East. The realization of such projects in the region indicates the significance of energetic security issues for South Caucasus, and it is way for achievement other Caspian Sea energy suppliers.

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The Role of Foreign Investment in Financial System for Development of Economy in Transition Countries: A Case of Georgia

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Abstract

The transition from a centrally planned to a market economy means first of all the change in the allocation mechanism of financial resources: from centralization to decentralization. As a result, the role of banks in the transition will change as well because banks and capital markets play an important role in the allocation of the financial resources in a market economy. Hence, the transformation debate puts up different approaches to the financial system reform in transition economies. The growing presence of foreign-owned financial institutions during the 1990s is one of the most striking structural changes. Currently, more than half of the banks in the region are foreign-owned, accounting for about two-thirds of total bank assets. In some countries the share of foreign bank assets relative to total assets of the banking system is even more than 75%. This study analyzes the foreign investment in banking sector as a case of Georgia.

Keywords: Foreign investment, transition countries, Georgia, banking and economic development

Introduction

The development of a financially sound and market-oriented banking system is often thought to be fundamental to a successful transition from a communist to a market-based economy. Although bank intermediation in transition economies remains stunted, particularly where progress in reforms is limited (Fries and Taci 2002), the financial systems of transition countries have changed dramatically over the past decade. The growing presence of foreign-owned financial institutions during the 1990s is one of the most striking structural changes. Currently, more than half of the banks in the region are foreign-owned, accounting for about two-thirds of total bank assets. In some countries the share of foreign bank assets relative to total assets of the banking system is even more than 75% (Naaborg et al. 2004).

Financial markets in the transition countries have grown in size and complexity. They are still dominated by the banking sector but stock markets, bond markets and even private equity have become important aspects of the region's financial systems. Nevertheless, financial markets are still less developed than in other countries at comparable levels of income.

Further development of the financial sector would yield significant returns in terms of economic growth, particularly in the countries with the lowest current levels of financial depth. Access to finance has a significant effect on the ability of firms to invest and increase revenues, particularly smaller firms.

There is a growing interest in the impact of foreign banking on the financial system and the economic development of emerging and transition countries (Claessens et al. 2001; Iakova and Wagner 2001; Mathieson and Roldos 2001). During the past decade, many former communist countries have made substantial progress in the transition from a centrally planned economy to a market-based economy. In recent years, progress has



been particularly significant in restructuring and consolidating the banking sector. This has mainly been accomplished through the privatization of state owned banks and the opening up of the banking sector to foreign ownership. The increasing foreign bank presence since the 1990s is one of the most striking developments in the banking system in the transition economies. I find that, on average, foreign-owned banks account for more than half of the total number of banks in 2000 and hold more than two-thirds of total bank assets in most transition economies. However, the importance of foreign banks varies a lot among countries. Still, foreign bank presence in all transition countries is considerably higher than in the European Union countries. (Claessens et al. 2001; Noyer 2001)

Determinants of Foreign Investment in Some Selected Transition Countries

Foreign investment in CIS is relatively lower than foreign investment in European Transition countries. The main drawback of low investment made by Western Countries in CIS is geographic farther distance than European Transition countries. I present some indicators of the foreign investment in banking sector of Georgia with very close countries in the same region (see figure 2 and table 1). A striking feature in the financial evolution of the transition countries has been the rapid growth of foreign banks. In the more advanced countries foreign banks account for a dominant share of assets in domestic markets. Foreign ownership of local banks remains much lower in the CIS. It has been argued that foreign banks introduce into the host country the skills and range of services prevailing in the home country. However, foreign banks – particularly new entrants to an existing market – tend to have poor information on local borrowers, especially small firms, and may restrict their lending to larger enterprises. Moreover, foreign banks tend to focus on household loans, as relatively little information is needed for these and no collateral is generally required. Despite these possible limitations, foreign banks appear to have a positive effect on financial development. An alternative explanation would be that foreign banks are entering markets that have already achieved a high level of development and have no discernible impact. The quality of institutional development also affects both the level of financial development and the entry of foreign banks. Foreign banks appear to have no positive effect on financial development. Table 1 shows that domestic credit to private sector (in most literate this ratio determines the financial development indicator) increased while foreign bank's share in total assets also increased in Georgia and CIS countries (see figure and table 1).

Domestic credit to private sector in CIS countries increased from 13 per cent to 38 per cent in 2009, at the same time foreign bank increased by 50 percent. This rejects the main consensus which says that foreign bank enters to market after country has sufficient and enough financial development.

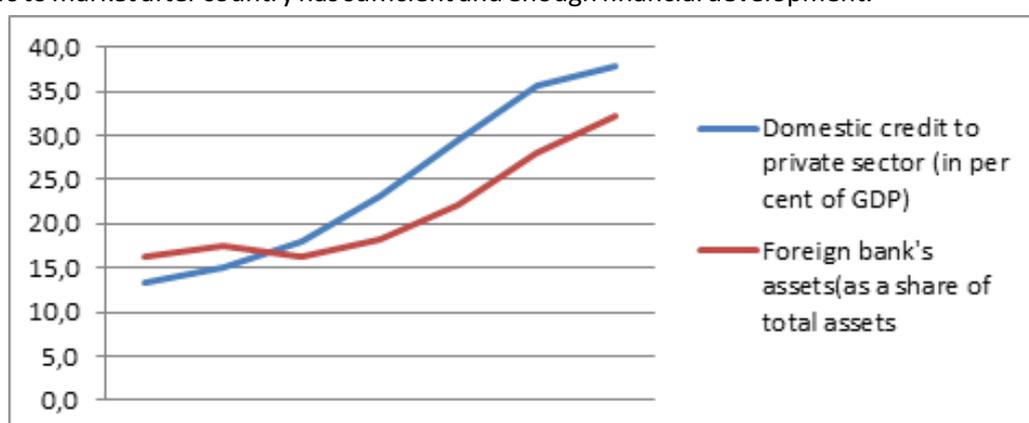


Figure 1. Financial development and Foreign Banks' share, 1999-2009

Sources: EBRD Transition Reports 2008, Central Banks of Georgia, Azerbaijan, Armenia, Ukraine, Russia.

Table 1. Financial development and Foreign Banks 'share in selected CIS countries

	2003	2004	2005	2006	2007	2008	2009
Domestic credit to private sector (in per cent of GDP)	13,4	15,1	18,06	23,08	29,46	35,54	37,82
Foreign bank's assets(as a share of total assets)	16,3	17,6	16,4	18,3	22,2	28,1	32,2

Sources: Central Banks of Georgia, Azerbaijan, Armenia, Ukraine, Russia

The single most important fact about financial systems in transition economies is that they have less depth and breadth than those of market economies at comparable levels of development (where development is measured, for simplicity, by per capita GNP).

Banking sectors in transition countries differ from their counterparts in many developing and emerging market countries by the high percentage of assets held in banks with majority foreign ownership. The change in foreign participation in banking in these countries from the early transition years to the later ones is dramatic. This paper investigates the impact of extensive foreign ownership on the performance of banks in Georgia. Besides I want to give also small ownership for some selected CIS (Common Independent States). These countries are Armenia, Azerbaijan, Russia Federation and Ukraine.

Since the end of central planning, when the financial sector was almost entirely controlled by the state, transition banking has evolved in four stages. The first involved the establishment of banks in the early 1990s. The second witnessed bank failures and systemic crises that affected almost all transition countries in the mid-1990s. The third stage involved lengthy restructuring through privatization and the entry of foreign banks. By the end of the century, most banks were privately owned, and foreign banks dominated the sector in many transition countries. In the fourth and current stage, banks in most transition countries have established sound balance sheets, and the industry has become well regulated and broadly competitive. By 2005 the foreign bank asset share was over 70 per cent in most CEB, SEE. The bank ownership structure in the Commonwealth of Independent States (CIS) is rather different. While there is substantial foreign ownership in Georgia and Armenia, no state ownership, state ownership is still considerable in Azerbaijan, Russia. Elsewhere in the CIS, domestic private banks prevail. In the larger economies of Azerbaijan and Russia, foreign ownership was about 10 per cent of assets in 2005 while in Ukraine it was about 20 per cent. In many CIS countries an uncertain economic environment and the threat of asset appropriation continue to pose significant risks to foreign banks.

Entry by foreign banks, together with the extent and maturity structure of foreign lending, provides an indicator of whether countries have succeeded in establishing safe, transparent and enforceable rules and regulations for financial markets. Foreign ownership and entry also presuppose the existence of private banks or considerable bank privatization, since otherwise foreign institutions are unable to invest in local banks and are not enthusiastic about competing with domestic banks that enjoy public subsidies. Foreign participation as measured by the share of foreign-owned banks in the total assets of the banking system is unusually low in the transition economies. Two of these countries, where foreign participation has reached significant levels, are Latvia and Hungary, which have made considerable progress in bank privatization. In Latvia, both Nordic and Russian banks have gained a significant presence. Hungary, which has long had the most liberal policy towards foreign bank entry of any east European country, has attracted foreign banks from many advanced economies

Figure 2 and Table 2 illustrates the development of the relative number of foreign and domestic banks in selected some CIS countries for the period 1999–2009, while Table 2 gives the absolute number of foreign banks for the individual countries. In 1999, 64 foreign banks were present in the countries in our sample, accounting for almost 16 per cent of all banks. In 2008-2009, their number had risen to 173, accounting for more than 30 per cent of all banks. In particular, in Georgia foreign bank has 90 per cent of total assets, in Armenia and Ukraine foreign banks has about 50 percent of total assets, in Russia and Azerbaijan financial

system is not yet liberalized and foreign bank has little share ,18 per cent and 9 percent. In Georgian, Ukraine and Armenia, the number of foreign banks grew very strongly compared to total number of banks in the sector. Number of foreign banks increased from 9 in 1999 to 15 in 2009 in Georgia .In Russia and Azerbaijan, the number of foreign banks was about the same during 1999-2009

Figure 1 and Table 1 show foreign bank assets as a percentage of total bank assets in CIS and Georgia countries. It appears that foreign bank participation increased considerably during 2004-2009. After several banking crises hit most transition countries in the mid-2000s (see Caprio and Klingebiel 2002 for an overview of the different crises), bank privatization furthered foreign participation. Initially, most sales involved medium-sized banks. Later on, the larger state-owned saving banks were sold too.

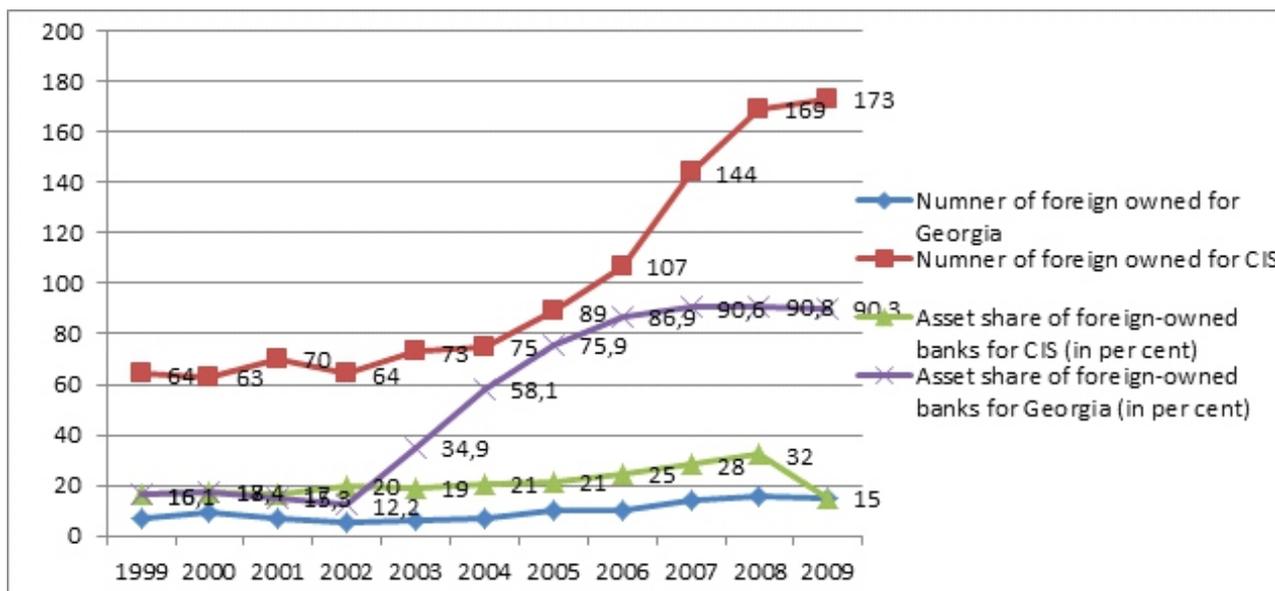


Figure 2. Number of Banks and Total Bank Assets in selected CIS Countries : Foreign versus Domestic, 1999–2009

Source: Foreign and domestic banks: CIS Countries: Georgia, Azerbaijan, Armenia, Ukraine, Russia. Central banks of Azerbaijan, National Bank of Georgia, Azerbaijan, Ukraine, Relative amount of foreign and domestic bank assets: all the above countries.

How should we expect foreign ownership to affect the performance of individual banks in these transition countries? Claessens, Demirgüç-Kunt and Huizinga (2001) investigate performance differences between domestic and foreign banks in eighty countries, both developed and developing, over an eight-year period from 1988 to 1995. These authors find that foreign bank entry was followed by a reduction in both profitability and the overhead expenses of domestic banks. Hence, these authors suggest that foreign participation improves the efficiency of domestic banking. However, banking sectors in transition economies are different from their counterparts in the developed or the developing countries due to the legacies of central planning.

Another cost of foreign bank entry is pointed out by Agenor (2001). Since foreign investors may not be familiar with the emerging markets, they tend to retreat promptly and massively at the first encounter of difficulty. This may lead to deeper crises in domestic financial markets.

Table 2. Number of Foreign Banks and shares According to Central Banks,1999-2009

Georgia	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of banks	39	32	29	27	24	21	19	17,0	19	20	19
Numner of foreign owned	7	9	7	5	6	7	10	10	14	16	15
Asset share of state-owned banks (in per cent)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Asset share of foreign-owned banks (in per cent)	16,1	17,4	15,3	12,2	34,9	58,1	75,9	86,9	90,6	90,8	90,3
Armenia											
Number of banks	31	31	30	20	19	20	21	21	22	22	21
Numner of foreign owned	12	11	14	8	9	9	9	10	12	12	13
Asset share of state-owned banks (in per cent)	3.5 %	3.8 %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asset share of foreign-owned banks (in per cent)	44,4	45,7	57,7	54,3	51,3	56,7	48,7	45,8	49,0	50,5	n.a
Russia											
Number of banks	134 9	131 1	131 9	132 9	132	129 9	125 3,0	118 9	113 6	110 8	110 2
Numner of foreign owned	32	33	35	37	41	42	52	65	86	102	103
Asset share of state-owned banks (in per cent)	n.a	n.a	n.a	n.a	na	na	na	na	na	37,5	na
Asset share of foreign-owned banks (in per cent)	10,6	9,5	8,8	8,1	7,4	7,6	8,3	12,1	17,2	18,2	0,0
Azerbaijan											
Number of banks	70	59	53	46	46	44	44	44	44	46	46
Numner of foreign owned	5	5	5	4	4	5	5	5	6	9	9
Asset share of state-owned banks (in per cent)	82.5 %	60.4 %	58.3 %	62%	55.3 %	56.1 %	55.2 %	0,5 %	42.4 %	42.5 %	0,4
Asset share of foreign-owned banks (in per cent)	0,0	4,4	5%	4,1	5,2	5,8	6,6	6,1	7,5	9,1	9,4
Ukraine											
Number of banks	161	154	152	157	158	160	165	170	175	184	181
Numner of foreign owned	15	14	16	15	19	19	23	27	40	46	48
Asset share of state-owned banks (in per cent)	12.5 %	11.9 %	11.8 %	12.3 %	9.8 %	9.8 %	9.4 %	8.9 %	8.0 %	11.5 %	12.7 %
Asset share of foreign-owned banks (in per cent)	10,5	11,1	12%	13,0	12,1	12,1	21,3	35,0	39,4	51,1	51,4

Sources: Central Banks of Georgia, Azerbaijan, Armenia, Ukraine, Russia

The investment climate in the CIS countries is dominated by a complex set of relationships between the still-pervasive public sector and incumbent firms, as well as the public sector's interference in private sector activity. Extensive government regulation in the form of business licensing, inspections, and certification, combined with low civil service salaries and more generally weak public administration, provide incentives for rent-seeking by public officials. In turn, barriers to entry, impediments to competition (including weaknesses in domestic competition policy and trade barriers), ineffective bankruptcy procedures, and weak corporate governance allow inefficient incumbent enterprises to remain in operation.

Financial intermediation to finance investment, especially by small and medium sized enterprises (SMEs), is limited by underdeveloped banking systems and capital markets. In turn, weak property rights,



contract enforcement, and bankruptcy procedures present obstacles to further strengthening of the banks. The remainder of this section describes the main factors influencing the quality of the investment (FDI investment) climate in the CIS countries based on information supplied by country.

In Georgia, a liberal foreign investment policy (including unlimited tax-free repatriation of capital and profits, no currency controls, access of foreign investors to all but a few strategically significant sectors), membership in the WTO, and stable foreign exchange and inflation rates (except for a temporary surge following the Russian crisis) have favorably affected the investment climate, as have Georgia's strategic location as a conduit for Caspian oil exports to the west and relatively favorable conditions for tourism and agricultural development. However, several factors were perceived as having negatively affected. The unstable border area with Russia, instability of politics and security has reportedly also adversely affected investor confidence till 2002. However, FDI increased 212 million dollars on average in 1995-2005 after Rose revolution and then after it reached to 1170 million dollars in 2006.

Aggregate investment in the CIS countries contracted sharply following the breakup of the Soviet Union. More efficient use of existing investment could undoubtedly be made through better governance. Nevertheless, FDI generally has fallen dramatically short of levels needed to offset the low domestic investment rates. There is a huge gap between the levels of cumulative net FDI inflows per capita into some of the transition economies of Central and Eastern Europe and Common Independent states (CIS). Average annual levels of net FDI inflows, CIS countries have 62384 million dollars while CEE has 69948 million dollars and World has 1114189 million dollars (EBRD (1994, 2000)

As Table 3 and figure 3 determine, after collapsed of Soviet Union, FDI to former Soviet Countries and CIS increased as expected. These countries were the new markets for the foreign companies. FDI increased in Russia was much more than other CIS countries. FDI in Georgia was average 4 % of GDP and 109 million dollars. FDI in Georgia increased from 212 million dollars in 1995 to 1564 million dollars in 2008. After conflict with Russia, FDI dropped dramatically to 764 million dollars.

Table 3. Foreign Direct Investment (FDI), million Dollars

	1995-2005 (annual average)	2006	2007	2008	2009
Georgia	212	1170	1750	1564	764
Armenia	121	453	661	1132	838
Azerbaijan	1215	-584	-4799	14	473
Russia	5527	29701	55073	75461	38722
CIS	11104	44717	78124	10985	62384
World	741045	1459133	2099973	1770873	1114189
CEE	13279	54669	90968	122588	69948

Sources: World development Indicator

Lastly, Regulation may also affect the activities of foreign banks. In Slovenia, for example, liberalization of foreign borrowing by residents and the abolition of interest-rate ceilings on deposits have created a more competitive environment, but only since 1999 (EBRD 2001). Likewise, Hungary did not initially permit banks to provide financial and insurance services. Changed legislation in 1999 resulted in a movement towards a model of universal banking (ECB 2001). Once established abroad, foreign banks focus their activities mainly on large enterprises. The activities of foreign banks are also dependent on the mode of entry. A takeover goes along with the acquisition of the existing client base.

Banks with foreign investment in Georgia

It is remarkable that in terms of ownership structure the banking sector is represented by powerful

investors, which are capable of injecting additional capital/liquidity, if needed. This situation actually took place during the current recession in 2008-2009. Along with parent institutions, the role of international financial institutions should be pointed out not only in terms of injections but, in the context of virtually guaranteed additional support.

As of 2009 the Georgian banking system consisted of 19 banks. The total assets of the banking sector equaled 46.2% of GDP. 13 Georgia-based banks and 2 branches of foreign banks operated in Georgia with foreign capital participation. The non-residents' share in banks' authorized capital amounted to 79.7%. The international financial organizations accounted for 10.3%, private banks – for 55.6%, and other investors – for 34.2%. The banks created with foreign capital participation controlled 89.1% of total assets. The banks also accumulate 89.2% of the total loan portfolio and 90.9% of non-banking deposits. (see Table 2 and Figure 4)

I demonstrate all banks registered officially in National Bank of Georgia according to years and ownership of banks in Appendix C and Appendix D. In 2008 the Georgian banking system comprised 20 banking institutions, of which 18 commercial banks represented Georgian resident banks, and the remaining 2 were subsidiaries of a Turkish and an Azerbaijani bank. In the same period there were 683 units of commercial banks (125 branches and 559 service centers). For comparison, at end-2007 there were 540 structural units operating. The shareholders of the bank are the „HSBC Europe (Netherlands) BV” registered in the Netherlands (accounting for 70% of the stocks) and the „Wings Establishment” registered in Lichtenstein (30% of the stocks). The JSC „Progressbank” is fully owned by the LLC „Kala Capital”.

Georgian banks made an agreement with the International Finance Corporation, the European Bank for Reconstruction and Development, the US Overseas Private Investment Corporation, the German Kreditanstalt für Wiederaufbau, the Dutch Development Finance Company (FMO), the parent banks and finance groups on allocation of additional funds in 2008. As a result, the Georgian banks obtained funds in the form of loans, subordinated loans, and direct participation in equity capital. In total, these funds were sufficient for the banks' needs to meet their foreign liabilities without shrinking loan portfolio.

As we indicate the GDP growth and investment in chapter 2 that Georgia enjoyed a successful year in terms of economic performance in 2007. According to preliminary estimates of the Department of Statistics, the real growth rate of the gross domestic product reached a record high level in recent years equaling 12.4% in 2007. The 2007 GDP growth rate exceeded the 2006 level by 3.1 percentage points. The main factor contributing to the economic upturn represented foreign capital inflows. Net foreign capital inflows in 2007 exceeded 20% of the GDP. (see Figure 3)

The amount of foreign direct investment in Georgia in the first half of 2008 made 955.4 million USD, which is 16.1% more than in the first half of 2007. The largest investments in the Georgian economy in the first half of 2008 came from the United Arab Emirates (202.8 million USD).

Figure 3 shows the largest share of foreign direct investments made in Georgia in the first half of 2008 were made in the industrial sector (620.7 million USD, which is 65% of total investments). 260.9 million USD was invested in privatization (27.3% of total FDI) and 73.7 million USD in the banking sector (7.7% of total FDI). You can see from the Table 3, the FDI in each sector. On average FDI in banking sector is 6.7% of total.

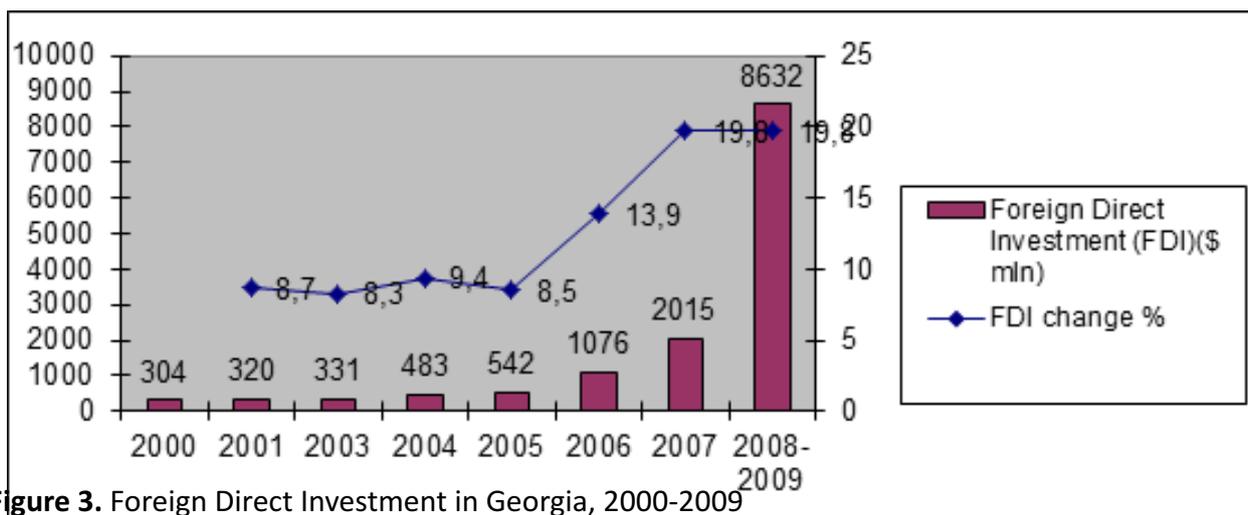


Figure 3. Foreign Direct Investment in Georgia, 2000-2009

Sources: National Bank of Georgia, Websites of Banks in Georgia

Since 2003, Georgia has implemented liberal regulations in order to secure financial stability of the local commercial banks and to promote Georgian banking sector as the favorable investment destination. Favorable bank reforms have increased the interest of large foreign banks in the Georgian banking market. In March 2006 Group “Societe Generale” acquired the controlling stake in Bank Republic. In October 2005, Kazakh bank Turan Alem, one of the largest banks in the CIS acquired the controlling stake in Silk Road Bank. In January 2005, VTB bank of Russia acquired 51% of shares of United Georgian Bank, one of the top three banks in Georgia. In addition, subsidiaries and branches of commercial banks from Greece, Turkey, Azerbaijan and Germany are operating in the Georgian market. You can see the shareholders of banks in Georgia from the table 3. Growth rates of “financial intermediation” are significantly lower than in the previous year, but still remain high. In recent years this sector showed the highest growth rates.

In last trends, Halyk Bank Georgia, a subsidiary of Kazakhstan's Halyk Bank (People's Bank), obtained its license for operation in Georgia in early 2008 and invested approximately USD 50m. A study of the Georgian business environment, which “proved suitable for stable economic activities,” was a key motivation for First British Bank as well. Shares of the bank are owned by London-based Monte Cristo Capital, which holds a 67% stake, while Georgia's TbilAviaMsheni holds the remaining stake. Monte Cristo Capital Limited set up the bank through its purchase of Bank Tetri for 8.5 million GEL in 2007. Standard Bank's acquisition by UAE Investment Company, Dhabi Group, and subsequent name change to Kor Standard Bank also made business news headlines in March 2008. Salford Capital, which had owned the bank since 2005, sold Standard Bank for around USD 42m to Kor Bank, a newly registered commercial bank in Georgia wholly owned by Dhabi Group.

As of December 31, 2007 the Georgian banking system included 20 banking institutions, of which 18 represented Georgian resident commercial banks and 2 were subsidiaries of the Turkish and Azerbaijan commercial banks. By the end of 2007 20 commercial banks and 539 structural units (415 subsidiaries and 124 service centers) of 13 commercial banks operated, compared to 18 commercial banks and 416 structural units of 13 commercial banks operating by end-2006.

Georgian commercial banks, as indicated in Table 2 accounts for 86.9% of total banking sector assets. Foreigners had more than 50% of these banks' capital. Nonresidents control 73.5% of the banking sector assets. 6 out of 10 banks obtained foreign investments from different foreign and international financial organizations, in particular, the European Bank of Reconstruction and Development (EBRD), the International Financial Corporation (IFC), the German “Deutsche Elasmobranchier Gesellschaft” (DEG), the German “Kreditanstalt fur Wiederaufbau” (KfW), JCS “Procredit Holding”, the German “Kommerzbank”, the Russian “Vneshtorgbank”, the Kazakh “Bank Turan Alem”, the Austrian “Bank Austria Kreditanstalt”, the Armenia

“Cascade Bank”, the French bank “Societe Generale”, etc.

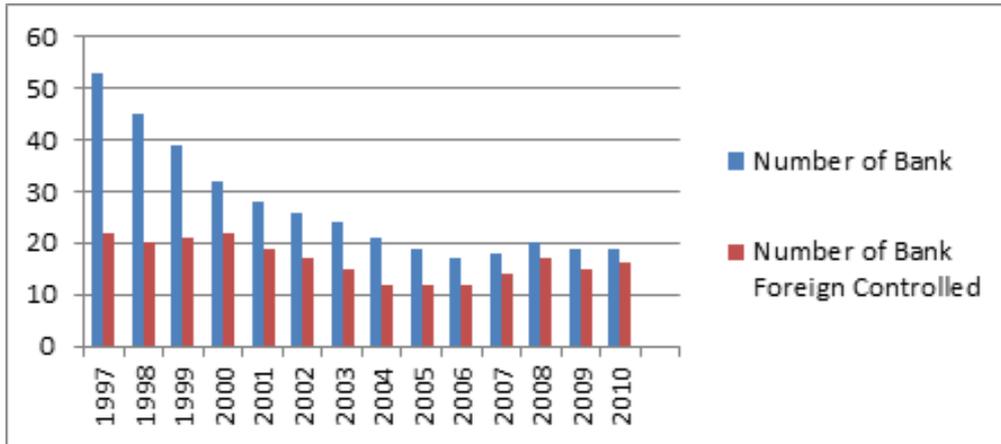


Figure 4. Georgian Bank Composition, 1997-2010

Sources: National Bank of Georgia

In 2005, the Georgian banking system was represented by 19 banking institutions, of which 2 were branches of Turkish and Azeri banks. During the last decade, despite decrease in the number of banks, the banking sector was characterized by dynamic increase rate. The rate of banking system growth exceeded that of other sectors of economy. The year of 2005 was especially successful for the development of banking system. Namely, the total assets of the banking system increased by 50% and, based on preliminary estimates amounted to 21.3% of GDP, net loans increased by 83%, liabilities by 56%, deposits by 31%, capital by 29%, and annual profit by 2.2 times.

The interest towards the Georgian banking system also increased, and was followed by the growth of foreign investments. As a result, the share of foreign investments in Georgian resident commercial banks increased from 33% of the total capital of the banking sector up to 50%. 10 commercial banks, with foreign investments in their capital, operated in Georgia, and their share in the total assets of the banking sector was 76%. Foreigners owned more than 50% of the banks' capital. (see table 4) Out of 10 commercial banks operating with the participation of foreign capital, 6 banks have investments of different foreign and international financial organizations, among them: European Bank of Reconstruction and Development –EBRD, International Financial Corporation– IFC, DEG, KfW, Procredit Holding, German “Commerzbank”, Russian Vneshtorgbank”, Kazakh “Bank Turan Alem”, “Bank Austria Kreditanstalt”, Armenian “Kaskad Bank”. In 2005, following commercial banks are withdrawn 'Tbiluniversalbank' and 'cartul bank'

Table 4. Ownership of Banks and Mode of Entry Indicator in Georgia, 1999-2010 years in ml GEL

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Assets	579	725	878	1114	1332	1699	2548	3124	9497	11308	11107	9916
% Domestic	97.4	94.8	87.2	73.9	70.6	61.0	42.8	35.3	32.2	20.7	20.4	14.3
% Foreign	2.6	5.2	12.8	26.1	29.4	39.0	57.2	64.7	67.8	79.3	79.6	85.7
% De Novo	87.9	40.4	15.8	4.6	4.7	3.3	3.2	4.0	1.6	5.7	4.0	14.0
% M&A	12.1	59.6	90.3	95.4	95.3	96.7	96.8	96.0	98.4	94.3	96.0	85.7
Total Deposit	292	433	600	874	1121	1303	2256	2444	7881	3481	3632	5399
% Domestic	99.5	98.7	88.2	73.8	70.1	59.4	35.5	35.8	28.9	23.4	17.5	20.6
% Foreign	0.5	1.3	11.8	26.2	29.9	40.6	64.5	64.2	71.1	76.6	82.5	79.4
Total Loan	78	428	489	629	780	964	1730	2025	5210	5369	5729	5438
% Domestic	99.6	93.8	84.7	71.3	68.2	59.9	22.8	33.8	33.7	17.4	19.8	16.6
% Foreign	0.4	6.2	15.3	28.7	31.8	40.1	77.2	66.2	66.3	82.6	80.2	83.4

Sources: National bank of Georgia, websites of banks and author calculations.



Conclusion

Georgian authorities and banking decision makers deserve to be given special attention and enough credit for their achievements in building market-oriented banking systems from almost scratch in such a short time period. They were successful in certain areas of structural reforms such as effective design and implementation of the privatization process, competitive policies, and prudential regulatory framework. With regard to privatization and foreign bank participation, the private sector currently holds 100 percent of the assets in banking. The entry of foreign banks had an important impact on the modernization of domestic banking systems through the introduction of modern banking practices, and product and service innovation.

Georgian authorities should keep their markets open to well established foreign banks and institutions rather than adopting strictly selective policies in order to take advantage of maximum benefit to increase the competitiveness and efficiency of banking market.

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Reforming the Pension System during Globalization Process: Experience of Ukraine and the CIS Countries

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Abstract

In the article modern reasons and terms of reform bay the system of the pension providing are analyzed in some European states. Determination of concept of pension is given, pension providing, basic legislative guarantees over of providing of pension reformation, and also primary objectives and directions of pension reform, are brought in Ukraine.

Key words: *Globalization, pension, pension providing, pension reform, life insurance.*

The transition to market relations, a process taking place in ex-Soviet states in the past twenty years, leads to the inevitable reformation of the pension system. These reforms are necessitated by the fact that the number of retirees is rapidly growing, and soon will outnumber the working population. Given this negative demographic factor, current heads of many states face a difficult choice: to raise the retirement age to 65 years or to have by 2050 half of the country's population comprised of retirees with miserly pension. And Ukraine is no exception from the problem of pension reform.

It is worth noting that by definition, retirement is a period of worry-free pastime, i.e. the time when a man 'reaps' the harvest of his lifetime labor. It is the time when a citizen is vulnerable like never before, because as a rule, he's no longer able to earn money, thus facing an acute need in certain social insurance. In Soviet times, right of the citizens to material provision in old age, during disability and illness was provided by the Constitution of the USSR as one of the state's priority objectives. Pension provision was guaranteed by the political system which existed back then. Pension provision was fully financed from government and public funds, and the very social status of pensioner was considered honorable.

At the beginning of the 21st century the situation has changed drastically: demographic data shows that currently, the number of retirees is rapidly growing, and today, their number is almost the same as that of the working population. For example, according to data by the Ministry of Social Relations of Ukraine, in 2010 the number of retirees reached 13,721,100 vs the working population of approximately 19 million [5]. And the reasons which caused this situation include not only the ageing of the nation and the increasing number of people of retirement age, but the fact that in Ukraine, large number of people enjoy numerous retirement benefits, whereby people may retire at the age of not 55-60 but even 35 years (for example, military servicemen and law enforcement officers). As a result, we have a situation when the government agencies concerned with pension provision are unable to provide all retirees with even minimum pension. The only progressive way out of this situation seems to be the increase of the retirement age for all citizens, because



otherwise, by 2025 the number of retirees in the country will exceed the working population.

Another, not less important precondition of the pension reform in Ukraine as well as in a number of CIS countries is the desire of these countries to accede to the European Union and work with the International Monetary Fund.

Considering all the aforementioned reasons necessitating the pension reform, and based on the study of experience of pension reforms in Germany, Poland, Italy, Hungary, Austria, Japan, Canada, and the United States, Ukrainian parliament passed a number of legislative acts aimed at the reform of the pension system, including: the 1996 Law of Ukraine On the Insurance (with 2001 amendments concerning pension insurance); the 2003 Law of Ukraine On the Mandatory State Pension Insurance; the 2003 Law of Ukraine On the Non-Governmental Pension Provision; the Program of Economic Reforms for 2010-2014 'Rich Society, Competitive Economy, Efficient State', adopted in 2010.

So, the proposed pension reform envisages direct participation of various financial institutions and organizations in the pension system, which will create a competitive alternative to the government pension provision.

The main goals of the pension reform include voluntary retirement; increase of retirement age; introduction of accumulating level of pension provision with an inheritance option, should beneficiary not reaching the retirement age (accumulating life insurance); reduction of burden on wages; reformation of economy through discontinuation of foreign borrowing; maximum removal of earnings from the 'shadow'; engaging business entities in the participation in pension accumulation system.

Nevertheless, increase of the retirement age will become one of the principal changes instituted by the pension reform in Ukraine, as well as in other CIS countries. In Ukraine, the retirement age will be 60 years for women and 65 years for men. However, these changes will be implemented not at once as the IMF requires for issuing another loan, but gradually, by adding 0.5 years annually, beginning from 1 February 2011 [4]. And that is the most problematic issue for Ukraine today. Although in many European countries, pensions are paid at a later age and the retirement age is equally high for both men and women: 62 years in Slovakia, 65 years in Germany, Sweden, Japan, 67 years in the United States [6].

Overall, the main areas of the pension reform in Ukraine may be narrowed down to the following:

- minimum work experience entitling to a social pension for reaching retirement age (50% of the minimum pension) must be increased from 5 to 15 years;
- minimum work experience from which deductions are withheld to the Pension Fund for a retirement age pension is planned to be increased from 20 to 30 years for women and from 25 to 35 years for men;
- maximum eligibility age for public servants will be increased from 60 to 62 years for men and from 55 to 60 years for women; working pensioners won't receive pension bonuses for an extra work experience (plus 1% on the pension amount per each year of additional work experience: over 30 years for women and over 35 years for men) and additional pay on the minimum subsistence amount when it increases;
- pension amount will depend on the amount of earnings only, disregarding, for example, material assistance, and based only on the personified accounting data (maintained in Ukraine since July 2000);
- amount of the median national income which bears upon the pension amount will be determined for the three calendar years preceding the year of application for pension (today, for example, this amount is calculated for the past one year).

Therefore, reform of the pension system is a logical measure for many CIS countries, which will require not one year and the combined efforts of a number of institutions for its successful implementation. Organizations which may assist in the pension reform include the International Monetary Fund, the European

Bank for Reconstruction and Development, and certain international organizations, for example, USIAD.

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Horizontal Summation for Market Demand Curve

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Abstract

Paper discusses the alternative approach to recreate market demand curve for good or service under consideration by employing horizontal summation of individual demand curves. The horizontal summation is used as the start point. The developed algorithm gives possibility to calculate the aggregate demand curve from known individual demand curves as well as to get the individual demand curves from already obtained aggregate demand curve. The developed method can be applied to get better inside of the demand formation and thus for better price targeting.

Keywords: *aggregate demand, horizontal summation, optimizing price*

Introduction

The importance of the demand curve can not be neglected for the business managers who strive to maximize their profits. In market environment it is important to set the right price for the product so that to successfully compete with the rivals. Leff (1975) proposed that it can be profitable to set low price and to produce at high volume level, so that business will benefit high profit and society will benefit from cheaper price. He suggests that the prices are set a lot above the region where most consumers can benefit from the product. If the price is set a bit lower then many consumer can be reached benefitting more profit. In other words the shape of aggregate demand curve can tell us that more profit can be obtained by setting another price(s). The consumer group can be viewed as the separate groups of consumers by their purchasing power. Therefore it can be calculated out which group what portion contributes to the profit of the business and according to that can be found the optimized price that promises maximum profit. Further in paper I will try to illustrate these idea.

Idea development

Any elementary economics book will tell you that the market demand curve for some product or service is simply the horizontal summation of the individual demand curves for that product or service. Theoretically it sounds great and logical. How in reality market demand curve is obtained?

Will the economist or any other analyst try to get all individual demand curves for some product or service in order to calculate/ figure out the market demand curve for that product or service? I do not think so.

The probable way is to observe the demand for that product for some period of time by setting different prices each time. In doing that way, we will get some cloud of observations for which later we will run some sort of regression analysis; probably we will apply method of least squares. At last we will get some trend line which will pass through the "cloud of observations" describing the pattern of demand for the product or

service in relationship of quantity to price as in figure 1.



Figure 1. Market demand curve obtained by using regression analysis (sample).

Alternatively, we have the “cloud of the observations”. Let's say, we want to describe this “cloud of observations” through the set of straight lines. We suspect that these straight lines have some defined prices, so that we need to calculate demand quantities for them. By employing algorithm developed we got the demand quantities, see figure 2A . Finally, at the same time, we will get the aggregate (market) demand of the product or service under observation that will be describing the “cloud of observations” as the whole, see figure 2B.

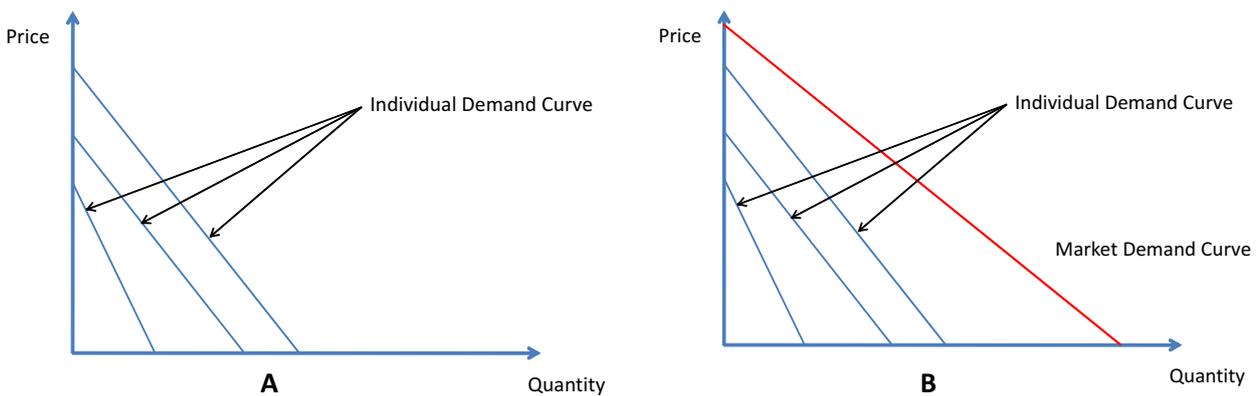


Figure 2. Market demand curve obtained by application of proposed method.

By determining the straight lines we can have insight to the structure of the market demand. Like: what group of lines (individual demand curves) is resulting in market demand curve, which individual demand curve has more influence on the market demand curve? So that, later adjust prices according to this information for profit maximization.

We need only two inputs to approach this problem: prices and “cloud of observations”.

The questions to be challenged:

- How to get the right prices?
- How many individual demand lines are sufficed for optimal solution of the problem?

Conclusion

Aggregate demand curve calculated by the proposed method provides different approach for price optimization strategy. The empirical research should be applied to get more insight of this method. Further results will be published in near future.

Demographic Balance in South Caucasus and Georgia's Demographic Security

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Abstract

Demographic balance and Demographic security are essential parts of the Geopolitical space of the South Caucasus security. The security of the country to a certain extent is based on the population rate. Georgia took the first place by the number of the population until 1966 afterwards Azerbaijan gained the first place. According to the forecast in 2050 number of the population can reach several millions, in Azerbaijan-11,6 in Georgia-3,3, Armenia-3,3. Demographic balance of region will be violated to the detriment of Georgia. Violation of the demographic balance in the South Caucasus will complicate the Geopolitical and Geo-economical solution of objectives of Georgia, which will cause the weakening of the role of Georgia as a peace guarantor between Armenia and Azerbaijan which have tense relationship. Political situation is much more complicated If we take into consideration current situation in the North Caucasus.

One of the determinants of geopolitical space security of south Caucasus is demographic balance. Demographic security based on the number of population, must be taken into account even in conditions of modern scientific-technological age as country's demographic potential significantly determines military-political and economical security.

Demographical balance can characterize Demographic security of South Caucasus, which includes quantity of population, natural growth, and average lifespan. Georgia always played the dominant role in Geopolitical space of South Caucasus expressed in its political-economic and cultural influence.

Russia made the first blow to Georgia's demographic security by invading the City of Sochi in 1920s. In the same 1920s Russia ceded one third of Georgia's territory to Turkey. Russia gifted Georgia's small territories to Azerbaijan and Armenia. However, these small territories were great loss for Georgia.

Russia provoked and executed the second greatest demographical loss itself by ethnic conflicts in 1990s ended in 2008 by the occupation 20% of Georgia's territory in Abkhazia and Tskhinvali regions.

The 20th century ended too bloody for South and North Caucasus. Russia recognized Abkhazia and so called South Ossetia as independent countries. Abkhazia's recognition as an independent country means that Russia will collapse Abkhazians physically or by assimilation. Attempt of collapsing Abkhazian people already took place in 1878 Russia – Turkey war, when Abkhazians were blamed in alliance with Turkey. They started collapsing them physically and made them leave Abkhazia. As a result, Abkhazians number reduced from 60 thousand to 30 thousand. Abkhazians were included in number of prejudicial nations. If not the leading Georgian Society, defending the Abkhazians, they would be collapsed as a nation a long time ago. We have to do

all the best to save the Abkhazians from the destruction.

Development of demographic character significantly stipulated Georgia's dominant role in south Caucasus. The point is that Georgia's population reproduction and growth went on much more economically than in neighboring countries. This means that in spite of low birth rate in comparison with neighboring countries but at the same time, lower was also the death rate and this fact stipulated the highest natural population growth and more rapid increase in comparison with its neighbors. For example, in 60s of 19th century 19% of the sum total came on birth and death rates, while this index in Azerbaijan was 16%. In the end of 19th century, this index in Georgia was 24%, 20% in Armenia, and 15% in Azerbaijan.

The number of South Caucasus population in 1897_2050 (million people) is given in the following chart

Year	Georgia	Azerbaijan	Armenia	Entire South Caucasus	Percentage			
					Georgia	Azerbaijan	Armenia	Entire South Caucasus
1897	1,9	1,8	0,8	4,5	42,1	40,2	17,7	100,0
1913	2,6	2,3	1,0	5,9	44,1	39,0	16,9	100,0
1959	4,0	3,7	1,7	9,4	42,6	39,4	18,0	100,0
1966	4,5	4,6	2,2	11,3	39,8	40,7	19,5	100,0
1979	5,0	6,0	3,0	14,0	35,7	42,9	21,4	100,0
2009	4,4	8,9	3,2	16,5	26,7	53,9	19,4	100,0
2025	4,2	9,7	3,3	17,2	24,4	56,4	19,2	100,0
2050	3,3	11,6	3,3	18,2	18,1	63,8	18,1	100,0

As the chart shows, dominant numerical situation in South Caucasus was kept until 1966. Since that period, the first place was conceded to Azerbaijan. This fact was caused by reducing the birth rate and natural growth of population in comparison with the neighboring countries. To be more exact, in 1950-1970s natural growth in Azerbaijan was 1,5—2 times higher than in Georgia. Index was higher in Armenia as well.

Natural growth in 1999-2004 was equal to zero in Georgia, while in Azerbaijan, this index reached to 9-10 (calculating for 1000 people) and in Armenia, the same index was equal to 3-4. In 2005-2009 natural growth in Georgia was extremely low and was 2 for 1000 people while in Azerbaijan it reached 13,1. This is 6 times higher than Georgia's one. In the same period, this index in Armenia is 4, this means that it's 2 times higher than Georgia's one. Such an important index as children's possible average number that comes on a woman, in the conditions of keeping existing birth rate, nowadays in Georgia and Armenia is 1,6 and 2,6 in Azerbaijan, or 1,6 times more. Accordingly, by the given data, Georgia's positions in South Caucasus are very weak.

In the countries of South Caucasus, indicator of such demographic potential as average lifespan is 74 year.

The UN forecast for Georgia in 21st century prepared according to the demographic tendencies shows a negative picture. To be more exact, by 2050 the number of Georgia's population will be equal to Armenian's one and will be 3,5 times less than the number of Azerbaijan's population. In 2050 Azerbaijan's population (11,6 million) will exceed the number of Armenia's and Georgia's (6,6 million) ones 1,8 times. By 2050, 63,8% of population in South Caucasus will be Azeri, and Armenians and Georgians - 18,1% each.

Current demographic development has changed not only South Caucasian balance in general, but also ethnic-demographic one. In 1989-2000 Georgians' major share in South Caucasus reduced from 27,3% to 25,25, while Azeri's major share increased from 44,6% to 51,5%, and Armenian's major share also reduced from 28,1% to 23,3%.



After 1990s current ethno political conflicts and foreign migration changed national structure of region's countries. They became much more mono ethnic, especially in Armenia. According to the researches in 1989-2001, major share of Armenians in Armenia increased from 93.3% to 97,9%. According to the researches in 1989-1999 Azeri's major share in Azerbaijan increased from 82,7% to 90,6%. According to the researches in 1989-2002 Georgian's major share increased from 70,1% to 84%.

Georgians were always among the low migrate mobility nations. Likely, in today's world more than 4 million Georgians live in the world, of these, 3,66 million, or about 90%, live in Georgia. The most statistically registered number of Georgians live in Russia: 400 thousand _ 1 million; in Turkey: 150 thousand _ 300 thousand; in Iran: about 60 thousand.

The following circumstances must be highlighted: Georgia's number of statistic importance was registered nor in Armenia, neither in Azerbaijan while 5% of South Caucasus' Azeri lived in Georgia in 1989, this number reduced to 3,8% in 2000s. In 1989 11,2% of South Caucasus' Armenians also lived in Georgia, this number reduced to 7,3%, what is an important size in spite of its reduction.

The main demographic and Political danger for Georgia is a demographic vacuum taking place in the history of our country repeatedly, as demographic vacuum, insufficiency of population causes immigration and decreasing the major share of native population.

According to the UN forecast, density of population in Georgia in 2009, 2025, 2050 will be correspondingly: 66, 60 and 47 men a square kilometer. In Armenia accordingly: 104, 111 and 111. In Azerbaijan: 101, 112 and 135. Therefore, the density of population will be reduced significantly in Georgia and on the contrary- in neighboring countries.

The existing and expected complicated disproportion between countries' territories and number of population can form a sharp demographic misbalance causing distribution of migration among the countries of South Caucasus in the conditions of current globalization. Because of the existing demographic vacuum can make migrating streams migrate to Georgia, particularly, when the densely populated Armenians and Azeri support them in Georgia.

Based on the above said, the country must find its place and function, we should fit to global interests foreseeing the national interests as well. To protect our interests, we should solve the problem of population reproduction ourselves; we must remember that no one will take care of it.

Major share of Georgians, 84%, in Georgia from the point of ethnicity is a considered demographic optimum. In the conditions of such sharp decreasing of this index, Georgia will hardly be able to solve its strategic geopolitical, Geo-economical and national interests in common; its spiritual and collapsed territorial unity will be in danger.

Disorganization of demographic balance in south Caucasus may cause weakening Georgia's role as a guarantee of peace in the situation of complicated relationship between Azerbaijan and Armenia. Geopolitical situation will be more complicated if we also foresee the complicated political situation in North Caucasus.

There is a danger that Georgia's demographic weakening will reduce Georgia's Political security as well. As a result, some of the countries may try to obtain Georgia's territories.

First of all, this is related to the ancient territory of Georgia, Javakheti in South Georgia, where Armenian natives of separatist mood were settled down there in 19th century. Furthermore, they are supported by neighboring Armenia, which has historically been Georgia's first enemies, Russia's strategic partner.

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A New Course and a Fair, Simple and Reliable Tax System

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Abstract

Many fundamental changes took place in tax sphere the last five years, but until now this fact did not provide a fundamental U-turn, that is offering of flexible service focused on payers and protects their legal rights. In tax law and system serious changes are observed. Flexible and the environment-oriented tax policy, the country's progress and success should be the main ones. The proof of this is a new tax code that entered into force from January 1, 2011 the basic goals and objectives are: to raise the confidence regarding tax system, to establish stable tax policy, to promote business legislation, to eradication unclearness in legislation, to simplify administration, to correspond the legislation with international analogues. It foresees such key features such as simplicity, reliability, fairness and the publicity.

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Georgia was recognized number one reformer in the world by the World Bank, and as for starting business in terms of simplicity is in the top ten. Serious and purposeful works are carried out in business legalization and facilitation. The new tax rate significantly reduces the tax pressure from the government and the tax law excludes the misunderstanding of double interpretation. . It is hope and a positive moment for any potential or existing entrepreneur, to start their new business activities, or enhance their existing business, which will gain double-positive effect, in terms of tax revenue as well as citizens in terms of employment.

The government and economy experts call new ecumenical course to the enactment of the new Tax Code a new economic course and hope that it will work. The previous approaches regarding tax payers are changing when tax structures were more interested to fix more fines for enterprisers in order to get more money. It was also mentioned by the president of Georgia: "Still some gaps are remained. You have daily contacts with them and you know better than me that still some enterprisers have feeling that the government does not listen to them properly and is unfair to them. There are cases when a sentence is bigger than the violation itself. Enterprisers often have impression that the government does not do enough to make the

business environment better. I would like to ask everyone in case they find any gap or problem in new tax code, to contact the Ministry of Finance, the service of incomes, the office of the prime minister where the ombudsman is and we will do our best to improve it in the nearest future. This is our new direction, a new course where I want the private sector and service of incomes, private sector and the Ministry of Finance to have close corporation. We hope that the new course will have results and economic growth will be even higher in 2011 than we forecast.”

It is notable that the new course based on the experience of the recent years also foresees to change tax legislation in accordance to improve and make it more effective for the tax payers as well as recovery of the economics of the country.

Simple, clear and unequivocal legislation is a guarantee of protection of the rights and legal interests of the payers and preconditions to fulfill the obliged duties assigned for the payer.

Various electronic services were introduced to ensure the maximum comfort for the payer. The existence of the modern and developed infrastructure is essential to ensure to offer comfort for payer and services focused on payers.

Publicity, transparency, raising the awareness of the population and business ensures the good functioning of the tax system. This is main precondition to make fair, simple and trustful system. Ensuring the publicity of the results of sector check, timely and fluent inform of the population about the results of the check of the different business-sector and public decision ensure the understanding and explanation of the legislation and establishing different sanction or taxation principles.

New Tax Code foresees to set the mechanisms that will reduce the tax administrative pressure on the enterpriser: to set the mechanism of the forgiveness and pre-warning; to put the institute of the tax ombudsmen into motion in order the make the enterpriser more secured; to set the flexible mechanism of the setting the account where the mistake of the business will not cause the stop the work of the enterprise. Even if the owner of the company knowingly violates the particular norms, enterprise should not be closed, but survive and continue to work in order not the leave employees without job.

A positive factor of new, fair, simple and reliable tax system is to establish Institute of the business ombudsman. Tax ombudsman - a link to the taxpayer's interests and rights and also for restoring the violated rights. However, the problem is that the in first stage, the Ombudsman may find difficult to cope with the problems caused by new tax system.

Tax Code changes substantially. first of all, it refers to simplify its relation with business administrative organs. Enterprisers will know in advance how and how much will be taxed. The principle of the tax payers honesty is set in action. According to it , the honest tax payer will be free from sanction in case of mistake. In general, the fundamental change is connected with removing from rigid regulation to relations based on reliability and business partnership.

The new course foresees to change the approach of the government to the tax payers that are complained by large or small entrepreneurs for a long time, because it's so seldom to have sealed or closed business as a result of check. Therefore, the results achieved by Georgia in the rate of World Bank's “Business management” was doubted many times.

The principle of “GOOD FAITH” “Honesty” - if a taxpayer behavior is caused by error or ignorance and did not aim to avoid paying taxes, the payer may be exempted from the sanctions. Honest paying - service revenue creates motivation and encourages honest taxpayers in different additional services / privileges, such as the example. “Gold List”.

Decision - the right to a taxpayer is given in advance to agree upon “rules of the game” and the



conditions of Taxation Revenue Service. Private tax agent protects the interests of the taxpayer's in Revenue office, provides advice and assists in tax liabilities. Warning instead of fining - in case of non-use of the non-cash machine, warning can be given to the tax payer instead of paying fine.

It's important that according to the new tax code, idea of micro business is establishing together with the changes of the relations between enterpriser and government. The principle of this taxation was differences of ideas while discussing the tax code and government is trying to launch it into more clarity. The Cabinet of Ministers determines the list of activities, which will be given the status of the micro business and will be taxed in the normal mode. The introduction of simplified tax regulations for small business - tax benefits were established - turnover of 3% or 5%, having right to have a simplified accounting.

The most important characteristic of new tax code is that the reporting period rather than monthly declaration, gradually transformed a quarterly basis that is equal of the investment implemented in the private sector by government

Taxpayer was granted the right to request the quarterly tax declaration, tax inspection of taxable transactions in its convenient time that ensures good cooperation between government and private sector.

It should be noted that in order to ensure effective and high quality work the qualification of the staff employed in incomes offices will be systematically increased.

As conclusion, that new tax code aims to have close corporation with business associations, with consideration of the legal interests of the private business and ensuring their systematic involvement, assistance in participation of discussions, promoting fair administration as the businessman should not see himself to see the risk of his private savings in tax administration and to have good partnership with tax organs.

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Georgia's Economic Security in the Conditions of Globalization

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Abstract

Nowadays world global economic crisis hit economics of many countries. Georgia is also somehow integrated to global economics, and accordingly, current global events are reflected in our country's economics as well. Therefore the issue of economic security is getting more urgent. Economic security is closely related to the entire system of state security. Among the macro indicators of economic security the most highlighted issues are: living conditions, inflation rate, unemployment, growth of manufacture, external debt, the tax system, market structure development, etc. The thesis discusses the conceptual issues of economic security in the context of World globalization, the range of internal and external factors operating on it, threats and challenges, the prospects of economic security development. The latest statistics used in the thesis will clearly represent our country's real situation. The thesis also focuses on the security of our country's economic development impacting the other countries of South Caucasus.

As a result of a scientific-technical progress and rapid development of information technologies, it is hard to find a country that does not represent a participant in international economic relations nowadays. Caucasus is a unique region with its geopolitical location and variety of natural resources, where Georgia represents an important center of an area which is connecting two parts of the Earth - Europe and Asia.

Due to the strategic interests, Georgia as an independent and sovereign country is actively involved in the process of understanding/comprehending and solving contemporary world's global, economic and social problems in a new manner. Considering ongoing political, economical and global processes the issue of our country's economical security becomes especially actual and important.

According to economical literature, the economic security of a country is a union of factors and conditions, which are able to achieve national economic independence, stability, sustainability, constant renovation and progress. Economical security represents economy's ability to provide satisfaction of public demand on both national and international level. It is a combination of those internal and external conditions that create a foundation for country's economy's dynamic development. Naturally, security must be defended in all spheres of public activity, but due to the fact, that basic role of country's development belongs to the economic system, it's security must be defended first of all.

Recent occurrences in the country, especially the Russian-Georgian war in August, 2008 was putting the economical security of the country in danger. Due to the internal and external problems that Georgia is facing, general circle of factors can be picked out, that more or less created a danger for the sustainability of economical system in the country.



Among the economical security's indicators in Georgia, the following can be selected : level of living, inflation rate, unemployment, scales of shadow economy, tax system, etc.

Population's level of living at some stage of society's development reflects material and spiritual wealth's consumption's volume and quality per capita. It is a generalized macroeconomic indicator. According to official statistics, the poverty level in Georgia slowly but still declines.

Indicators of poverty in 2004-2009 was:¹

Table 1. Poverty Level

	2004	2005	2006	2007	2008	2009
With respect to 60 percent of the median consumption (%)	24.6	24.1	23.3	21.3	22.1	21.0
With respect to 40 percent of the median consumption (%)	10.9	10.1	9.4	9.2	9.5	8.8

Naturally, level of poverty has positive influence on rising the level of economic security.

Recent financial crisis taking place in the world and political instability taking place in different countries, negatively influenced economies of many countries, and among them of Georgia. This process was relatively painless in our country. The above mentioned crisis had a negative influence on inflation rate. According to official statistics, Consumer price index in 2005-2009 is the following:²

Table 2. Consumer Price Index (Inflation)

	2005	2006	2007	2008	2009	2010
Annual Average to the Annual Average	108.2	109.2	109.2	110.0	101.7	107.1
December Over December of previous year	106.2	108.8	111.0	105.5	103.0	111.2
Annual Inflation Rate	6.2	8.8	11.0	5.5	3.0	11.2

Unemployment is one of the most severe problems in the world. Number of unemployed people has grown in Georgia in recent years. For example: if number of unemployed people in 2004 was 256600, the index has been grown to 335600 in 2009. Statistical data about the employment and unemployment is given in the following table:³

Table 3. Employment and unemployment data

	2004	2005	2006	2007	2008	2009	2010
Active population (labour force), thousand persons	2041.0	2023.9	2021.8	1965.3	1917.8	1991.8	1944.9
Employed, thousand persons	1783.3	1744.6	1747.3	1704.3	1601.9	1656.1	1628.1
Unemployed, thousand persons	257.6	279.3	274.5	261.0	315.8	335.6	316.9
Unemployment rate, percentage	12.6	13.8	13.6	13.3	16.5	16.9	16.3

It is also worth mentioning, that Georgian government conducts important activities in order to overcome the problem of unemployment. For example: recently tourism has been announced as one of the priority fields, quite justly. Tourism plays significant role in developing country's economy, as it participates in forming Gross Domestic Product of the country, creates additional working places and etc. It supports development of national economies and is considered to be one of the most massive and civilized forms in social-cultural life of society. The Russian-Georgian War in 2008 and world financial crisis negatively influenced tourism as well. Compared to previous years, the situation radically changed in 2010. Georgia was visited by 2032586 visitors in 2010, that is 36% more than was the same indicator in 2009. 672316 visitor visited Georgia From January to December, 2010 from European countries (excluding CIS countries) (33,1 % of total visitors) that is 35% more than in 2009. 1286329 visitors entered Georgia from CIS countries (63,2 % of total visitors) that

is 35% more than the indicator in 2009. During this period, 23079 visitors visited Georgia from the USA (1,1% of total visitors), that is 18% more than the same indicator in 2009. 46256 visitor entered from Asian countries (2,3% of total visitors), that is 60% more than the indicator in a previous year.⁴

Growth of tourist flow is especially noticable in Adjara region. 974563 visitors arrived in Ajaria in 2010, that is 76% more compared to the previous year. According to information provided by the Department of Tourism and Resorts of Adjara, number of visitors who arrived in Adjara from January to December, 2010 has grown 3,4 times compared to the same period in 2008. From January to December, 2009 Adjara was visited by 162059 foreign visitors, and in 2008 _76218.⁵

Nowadays attention is also paid to Upper Svaneti region. Big efforts are being made for attracting investments for Svaneti's development. The region has features, that can only be found in a few European countries. Development of tourism business is one of the most important factors to overcome the issue of unemployment in the country.

The problem of foreign debts has a negative influence on the sustainability of the country's economic security. Events developed in the country recently, meaning Russian-Georgian war in August, 2008, world financial crisis, had a negative influence on the country's economic development – foreign debts has grown. According to the information provided by the Ministry of Finances on 31 March, 2011 credits taken by and with the state's guarentee is USD 4065619 (6935540 GEL).⁶

Shadow economy is used to characterize a negative side of economic reality and exists in developed as well as in developing countries. Shadow economy invloves corruption, smuggling, falsification of financial documents, drug business and etc. The scale of shadow economy has influence on budget results, reduces the population's living level and causes impoverishment of greater part of the population. Special fight against corruption is declared in Georgia. Important reforms carried out during past 6-7 years, on different directions, reduced the level of corruption to the minimum and changed once a corrupted country to a non corrupted country . The scales of shadow economy have been considerably reduced, that positively influenced the country's economic security. For this point Georgia became a real example for many other countries.

Tax and customs regime are essential for the development of busines and attraction of investments. The tax code has changed in Georgia. New, simple, and liberal tax and customs system was implemented. Bureaucratic barriers were elliminated and the country became attractive for the investors.

These were some of the many factors, that are influencing Georgia's economic security, but in this work we tried to pay attention to only some of them.

The economic security of the country is a combination of those factors and conditions, which are achieving the independence of national economy, stability, sustainability, constant renewal and progress. Economic security is closely connected with the state's entire security system. Country's powerful military security can not exist in a weak economy and vice versa. In an ineffective economy it is impossible to overcome the dangers, risks and challenges that the country's national security faces. Adequate and timely response to them is especially important. Our country's national security concept states Georgia's fundamental national values, country's national interests, dangers that the national security is facing, main policy directions of the national security. The concept is also paying attention to Georgia's economic security's policy, which aims at creating the necessary economic conditions for Georgia's development and for strengthening the national security. According to the concept, policy priorities of Georgia's economic security are the following:

- Strengthening macroeconomic stability by improving budgetary system and tax administration, adequate cash - credit policy, implementing the principles of a medium-term expenditure policy and by the state debt's effective service;
- Development of a private sector and creation of working places by institutionally regulating the



economy, stimulating small and medium-sized business, improving investment climate and protecting the private property rights;

- Improving the investment climate and developing a land market in the agricultural sector;
- Creating a business environment for the development of traditional and innovative fields of industry;
- Development of tourism and the full realization of tourism potential;
- Reduction of social and economic inequality between the regions and the capital city;
- Active participation in international economic projects;
- Supporting Georgia's export potential;
- Creating a healthy competitive environment and conditions for equal opportunities in business.

Significant progress is visible in the economic sphere after the “Rose Revolution”. The state budget has significantly increased, the large-scale privatization is taking place, restoration of infrastructure has begun. Georgia is implementing the above mentioned reforms by the state's “Economic Development and Poverty Reduction Program”.⁷

According to the information above, we can conclude that because of Georgia's economic security current negative factors should be overcome, it is necessary to create appropriate conditions for a support of a private business, including small and medium business, what is also reflected in the national security concept. Economic security is not a prerogative of one single state agency. It is achieved by the efforts of state governing bodies' system, every circle of economy and structure. In terms of the country's economic security, significant importance is also given to the energy security. It is necessary to increase the country's degree of energy independence to the maximum and involve Georgia in the production of the energy of rich hydro resources to the maximum. We should also consider the fact that Georgia will not be able to preserve its national characteristics, traditions, culture and distinction if it becomes only a consumer of the world's wealth created by the globalization. Georgia should also be the supplier, which really possesses special reserves of the scientific - technical and intellectual potential.

We think that the development of our country's economic security will positively influence the rest of the countries in South Caucasus. Georgia is a kind of transit bridge connecting Europe and Asia and, of course, our neighboring countries, therefore for these countries Georgia will become the supplier of energy, intellectual resources and etc. Furthermore, in the conditions of strong economy, employment of its own citizens, it is possible to create more working places, where the citizens of Georgia's neighboring countries can also be employed.

World's current political and economic processes are of particular importance to Georgia today. Georgia is still given a unique opportunity to actively engage in the world's current economic processes, with current relations, scales and potential, preserving the national identity and self-affirmation to the maximum.

Notes

1. source: http://geostat.ge/?action=page&p_id=187&lang=geo
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CHAPTER 4

TOURISM DEVELOPMENT, CULTURE AND CULTURAL IDENTITY, CROSS-CULTURAL RELATIONSHIPS



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The Cultural Relations between Georgia and Azerbaijan

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Abstract

The Caucasus is one of the diverse regions of the world where approximately 50 nations live alongside. As, Azerbaijan and Georgia are neighboring countries that lived peacefully all their history, relations between them had a great and ancient history. In fact, Azerbaijanis is one of the biggest ethnic minorities living in Georgia and there is also Georgian minorities in Azerbaijan as well. Actually, living on the same region, having common history, interests and similar traditions made relations between these two countries more close. This article will try to scrutinize the historical development of relations between Georgia and Azerbaijan in cultural field. For instance, great Azerbaijani poets and writers that lived in Tbilisi and their work done to improve cultural ties, the Azeri newspapers published in Tbilisi will be discussion points. Furthermore, the state of cultural relations, cultural policy conducting by two countries after the independence will be our focusing area as well.

The Caucasus is distinguished with its geographical, language and cultural diversity that determines the history, mutual relations and lifestyle of populations. Sometimes the Caucasus is called as the museum of population, because approximately 50 representatives of different nations live in this region. This region always played an important role between European and Asian countries. During the history the Caucasus and its different regions were always played bolster role between the opposite powers.

The traditional amity relations relied on common history exists between Azerbaijan and Georgian people. Azerbaijanis and Georgians during the history lived in friendly neighbourhood and friendship condition. In fact, the Azerbaijanis are one of the biggest ethnic minorities living in Georgia and there is also Georgian minorities in Azerbaijan as well. Actually, living on the same region, having common history, interests and similar traditions made relations between these two countries more close.

Azerbaijan is a country that wishes to create diplomatic and cultural relations with all countries of the world. Azerbaijan is interested in being neighbour and having good relations with democratic, developed, peace-loving countries, because this is the guaranty of Azerbaijan's achievements.

The history of cultural relations of these two friendly people of South Caucasus – Azerbaijanis and Georgians who give great value to the friendship is very rich and ancient as their culture and literature.

In XII century Georgian king Builder David (David IV) married his daughter princess Tamar to Shirvanshah Manuchohr and so created friendship and relative relations with Shirvanshahs (state in the north – east part of Azerbaijan). After that, these amity relations were reflected on poets' creation. The activities of great Azerbaijani poet Nizami Ganjavi and great Georgian poet Shota Rustaveli are the reflections of cultural

relations between these two nations (Крымский, 1981).

One of the main traditional features of two nations is patriotism, and this feature were reflected both in Nizami's and Rustaveli's poems. The creative work of Nizami, his poems were read with love in -“beautiful land with paradise adornment” as he called Georgia. Great Georgian poet Shota Rustaveli also learned profoundly the creative work of Nizami and Khagani. In XVI century the poem of great Nizami “Leyli and Majnun” was translated into Georgian language by King Teymuraz.

Another great Azerbaijani poet Khagani Shirvani who lived in XII century and fell in love to Georgian girl dedicated lots of his poems to her: "I saw a beautiful girl who is like a rose-bud ... ". He even glorified Georgia in his poems and mentioned that “all doors are opened for me” talking about his Georgian friends (Shirvani, 1956).

From XVII century till 20s of XX century Tbilisi became the cultural and literary centre of all Azerbaijanis who lived in Georgia.

The preservation of grandiose and high Koroglu castle as the spiritual monument of Azerbaijanis which is situated 20 km far from Tbilisi is the sign of love and positive attitude of Georgian people to Koroglu - the national hero of Azerbaijan who lived in XVI-XVII centuries.

Another proof of cultural relations and friendship of two people is the translation of “Bakhtiyar Nama” poem of Fadai into Georgian at the end of XVII and at the beginning of XVIII century. But the author of this translation is unknown. Furthermore, in 1828 A. Sulkhanishvili again translated this poem. In present time Georgian scientist A. I. Kobidze explored the same poem and got acquainted with ancient culture of Azerbaijani people.

The Azerbaijan poet Mollah Panah Vagif who lived in XVIII created very strong political relation with Georgian king Irakli II and also praised Georgian beauties in his poems “Tbilisi, “Georgian girl”. He was a vizier of Ibrahim Khalil khan of Karabakh Khanate.

Great Azerbaijani poet Mollah Veli Vidadi lived in the palace of Irakli II and he is an author of some poems dedicated to untimely death of Irakli II's son Levan (Arasli, 1956).

The great poets and writers of Azerbaijan and Georgia Abbasqulu agha Bakikhanov, Mirze Shefi Vazeh, Mirze Felteli Akhundov, Abdurrehim bey Hagverdiyev, Jalil Mammadquluzadeh, Mirze Alakbar Sabir, Ilya Chavchavadze, Akaki Tseretili, Iakob Gogebashvili and others praised the amity of these two neighbours and tried to strengthen these amity ideas through propagating it.

Mirze Shafi Vazeh the Azerbaijan poet had lived and continued his creative activity in Tbilisi during 1840-1852. He was consigned in Tbilisi.

The famous Azerbaijani writer and scientist of XIX century Abbasqulu agha Bakikhanov had lived in Tbilisi since 1819. Since this year he gained good reputation not only as writer, but also as diplomat.

The great son of Azerbaijan people, the founder of national dramaturgy Mirze Fatali Akhuzadeh had lived, worked since 1834 and he died in Tbilisi. He became acquainted with Georgian culture and art and had a friendship relation with Giorgi Eristavi who was considered the father of modern Georgian theatre (Qasimzade, 1956).

A. Tsereteli translated M. F. Akhuzadeh's poems into Georgian language. In one of his articles he appreciated the author of “Viziri-Khani-Lenkeran” M. F. Akhundzadeh as the great artist, the father founder of Azerbaijani dramaturgy. He wrote about it: “This play is the work of M. F. Akhundzadeh. Azerbaijan life was brightly described as it is reflected in a mirror. His plays are the product of great talent. There are no artificial words and thoughts in these poems” (Edebiyyat ve incesenet qezeti, 1953)

The Georgian poet Iosif Grishashvili had translated “Easter Poem” of M. F. Akhundzadeh on the occasion of his 120 years of anniversary.

Azerbaijan newspapers such as “Ziya”, “Ziyayi-Kafkazia”, “Keshkul”, the “Eastern Russian” journal of M. Shaxtanxlini since the end of XIX century, the “Mollah Nassraddin” journal of J. Mammadquluzadeh since the beginning of XX century were published in Tbilisi. The “Mollah Nassraddin” journal made a great, progressive influence on the Caucasus, Middle Asia, Iran, Turkey and the whole East (Borchali, 1998).

Famous Azerbaijani writers, poets, enlighteners and public figures Nariman Narimanov, Abdullah Shaiq, Hassan bey Zardabi, Husseyn Javid, Firrudin bey Kocharli, Mirze Alakbar Sabir, Mammad Said Ordubadi, Ali Azmi, Aliqulu Qamkusal, Sultan Majid Qanizadeh and others got education at Gory Seminary and Alexandrovski Institution of Tbilisi. Above mentioned public figures had close relations with political-public and literary-cultural societies in Tbilisi (Chobanov, 1977).

Great composers of Azerbaijan, the founders of the professional Azerbaijani music Uzeyir Hajibeyli and Muslim Magamayev got their education at Gory Seminary, too. They perpetuated Azerbaijani music in Georgia.

Firrudin bey Kocharli wrote many articles about Akaki Tsereteli the great poet of Georgian people and introduced him to Azerbaijani people, because he was one of the best friends of Azerbaijan among the Georgian poets at that time.

Famous Georgian poets and writers M. Javakhishvili, Sh. Aragvispireli, G. Abashidze, K. Kaladze, K. Leonidze and others talked about the amity and kind neighbourhood of these two nations.

There are some poems in Azerbaijani literature reflecting the friendship of two nations. “Vagif” of S. Vurgun, “The Georgian city” of M. Rahim, “The Caucasian Army” of S. Rustam, “Me” of H. Husseynzadeh might be example for above mentioned fact.

One of the facts which reflect the amity relations between Azerbaijan and Georgian people is the announcing of the foundation of Azerbaijan Democratic Republic in Tbilisi in 28 May, 1918. This republic began its activity in Tbilisi, moved to Ganja, and at least to Baku in September.

During Soviets Azerbaijanis had got opportunity to get education both in Azerbaijani and Russian. Along with these languages, they also learned the Georgian language. The periodicals in Azerbaijani were published in Georgia. After the collapse of Soviet Union new reviving was began in Borchali- the territory where Azerbaijanis lived. Borchali is one the important lands of Azerbaijan people, because Azerbaijanis live in their homeland, in their own land, in the land of their ancestors in Borchali – Georgia (Chobanov, 2008).

Georgia as the democratic country provides all equal opportunities to develop and self- confirming to the national minorities who live in the territory of Georgia. All citizens of Georgia regardless of nationality and religion have the same rights and duties.

Today the Azerbaijani theatre and approximately 150 schools exist in Georgia. Along with this the newspapers are published and the new programs are prepared in Azerbaijani. In 2009 the cultural days of Azerbaijan were held in Georgia, and in 2010 the Georgian cultural days were organized in Azerbaijan.

The guarantees of the cultural relations between Azerbaijan and Georgia are the Ministries of Culture and Tourism of two countries and the Heydar Aliyev Foundation.

There are some many examples about the successful corporation, economic development, political and cultural relations of Azerbaijan and Georgia. The strong political and friendship relations between the Presidents of Georgia and Azerbaijan are the proof to these examples.

Mikheil Saakashvili the president of Georgia once told in his speech: “Our countries –are the part of the body which moves each other. It is impossible to image better relations than it is between Azerbaijan and

Georgia. We are the beginning and the ending of one another. Our relations are broader than ordinary relations. I am sure that we will continue to support each other in a future.

“God presented to our people great blessing such as to be neighbours, to create strong relations. Our ancestors, grandfathers and fathers were witnesses of the positive result of this happiness. Our duty is to keep alive these traditions, continue and to convey to future generation in a more high level than it is”. These valuable thought is from the quotation of great person of Azerbaijan people Heydar Aliyev (Eliyev, 1998).

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Problems of Language Barriers in Globalization and Importance of Learning Foreign Languages

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Abstract

The most realistic index of measurement of international relations is the development of relations between peoples. For this reason it is necessary to know their culture, traditions, customs etc. It plays an important role in effectiveness of communication as well as teaching foreign languages. Ignoring them explains many failures in international contacts and pedagogical practice. Languages are the key to mutual understanding of people of other countries and cultures. Globalization process in which all of us are involved requires that students of non-linguistic specialties study foreign languages which will help them to find their path in their profession, will help to communicate and express their thoughts in a competent manner. For that we should review the result of learning a foreign language by students as well as increase the variety of methodical means in teaching.

Keywords: globalization, international languages, problems and aims.

Introduction.

Knowledge of languages acquires a decisive importance. Languages are the bridges which facilitates understanding of other people, countries and cultures. They belong to fundamental education of any citizen. Readiness to study foreign languages as well as ability to communicate with other people are the condition of mobility, as well as the key to mutual understanding, peaceful development in our interconnected world (Uve Tomas, 2000). Simple human communication will help to enhance relations between countries. Students of various nationalities quickly find common language of universities. People begin to understand that they can live in peace. All people need this.

Demand on people speaking foreign languages has significantly increased and internationalization of life more and more facilitates increase of need to study foreign languages. New discoveries were made in the language teaching area which gave an impetus to further specialization. Experts of various areas of knowledge such as: study of needs of students, independent study of language, using audio-visual means, speech actions, pragmalinguistics, using computer during study etc. facilitate language teaching.

The main aims of the students are:

- a) learn the language to tackle situations arising during contact with people speaking that language;
- b) obtain a certificate confirming success in studies for personal reasons (for example, for self-affirmation or for organizing an individual study process) and for objective reasons (for example, for submission during acceptance to job).

Using international languages becomes an important condition of success in politics, economics, trade,

tourism and other areas of state activities.

Internationalization and globalization of languages enhance the desire of learners not to connect the acquired language knowledge only to one specific country, and consider geographic peculiarities (options) of language where possible, not only during classes but also during obtaining the certificate if possible. This is true about German (in its German, Austrian and Swiss versions), French (in Swiss and Belgian versions), English (in American and English versions), Portuguese and Spanish (in their European and South-American versions). Thus, the concept of “target language” has significantly expanded.

The most realistic index of measurement of international relations is the development of relations between peoples. For this reason it is necessary to know their culture, traditions, customs etc. It plays an important role in effectiveness of communication as well as teaching foreign languages. Ignoring them explains many failures in international contacts and pedagogical practice. Languages are the key to mutual understanding of people of other countries and cultures. And as globalization means origination of a hybrid world culture and mixing of national traditions, the more important is development of art, artistic culture, embodying national traditions, features of national character in artistic images.

To communicate freely, people tend to learn as many languages as possible. Acquiring any foreign language does not represent insuperable difficulties and is achievable by representative of any nation in a comparatively short period.

Learning foreign languages should be included in the syllabus at all departments. For example, English is the teaching language at the International Black Sea University. But students can acquire other foreign languages too (Russian, Spanish, French), at least three languages according to their choice. Students who receive an objective grade at exams are entitled to obtain a certificate. Special program is designated for foreigners. English and Russian are international languages. They are considered rich languages. But it is impossible to firmly assert whether it is rich or poor because the language is as diverse as people. Our diversity enables us to easier understand each other and any language to penetrate into any other language.

Globalization... Globalization ... All misfortunes in economics are justified by globalization and all successes too – they say it is owing to it. So what is globalization?

Globalization implies enhancement of cooperation between nations and world-wide distribution of labour. In a word, globalization has become a permanent feature of our social, economic and cultural space. New forms of international cooperation have appeared. Globalization of higher education currently implies a reform of syllabi and curricula, cooperation in the scientific-research area via networks and associations, open and distant learning without limits and other kind of activities, apart from student and teaching mobility (Sadlak,1998). Presence of international students and scholars from various countries expands cultural horizons of students and the faculty of their country. Teaching of international students also influences the development of their countries and facilitates global economic and political stability. Any participant of international educational programs automatically and in most cases subconsciously develops the following abilities:

- ability to acknowledge the gaps in knowledge which are inevitable for the consciousness raised within the framework of one culture;
- intercultural communication skills;
- ability to acknowledge insufficiency of knowledge, i.e. the lack of knowledge which defines motivation for studies;
- knowledge of other cultures, studied from inside and many other. (Callan, 1998)

But the first of the serious problems on the way to globalization is a language barrier. Language barrier



does not create a problem only in case of cooperation between the countries using the same language. Globalization in education would not have been developed so well, if there was no English language. English has served as a universal language of communication all over the world for the last several decades. Until now English language has served many nations for maintenance and development of their contacts with foreign countries. And it does not seem that the situation will change in the future. Many countries open English language courses to attract foreign professors and teachers or international students.

But it should be considered that history demonstrates the possibility of a rather dynamic change of leadership of this or that language as a means of international communication. In the ancient world – Greek, then Latin in Europe and Arabic in Asia, French in the 19th century and finally, English in the 20th century. Despite the fact that Russian occupies the third place after Chinese and English by the number of speakers (500 million people) and it is taught at schools and universities of nearly 140 countries of the world, it should not be talked about its active dissemination in the world yet. The reasons for changes of languages as a means of international communication had been military-political factors mainly, and later technological factors. But the late 20th century is characterized not only by technological development but also by penetration of the Russian language into nearly all countries of the world. First, this is caused by opening of borders and a fast development of tourism in Russia. In the late 20th century in most countries of the world which were mainly visited by tourists from Russia, travel guides were published in Russian. Managers who spoke Russian appeared in banks and shops. This happens in most EU countries, in Turkey and Egypt, in tourist zones of many Asian countries. For example, a newspaper “Turkish News – Bosphorus” is issued in Turkey in Russian. The newspaper has been issued for 4 years already. It is designated for Russian-speaking readers of Turkey as well as for readers abroad, mainly in countries such as: Russia, Ukraine, Middle Asia and Kazakhstan. Its aim is to facilitate development of market and business relations between countries. A Russian school has been opened in Antalya for several years.

But as practice shows, the role of Russian language gradually weakens in the post-Soviet space. The role increases in the non-CIS countries and in the indigenous areas of Russian language spread the reverse process takes place.

We believe that Russian language is one of the most important world languages not only because it is spoken by millions of people but also because of the huge contribution of Russia to the world culture.

In the past, study of foreign languages was not especially stimulated behind the “iron curtain”. It was not a common thing to speak a foreign language fluently. Even university language programs for future teachers of a foreign language did not exclude a number of modern radio and TV programs. If a student was not specializing in languages it was required that he (or she) only showed that he/she had read a certain number of texts. A language learner could not buy a magazine or a newspaper or see a new movie in the language which he tried to learn. It may seem strange but under these very limited circumstances we have developed a very effective methodology of foreign language teaching.

Conclusion

The situation drastically changed in the late 1980s when the borders were opened and people began traveling and arranging business with foreign partners. Interest towards learning foreign languages hugely increased and now students know why they study them. Society has created a language and uses it as it can. Society influences the language and the language influences society, participating in the life and activities of people.

The globalization process where all of us are involved requires that students of non-linguistic specialties study foreign languages which will help them to find their way in the specialty, help communication and competent expression of their ideas. For that we should review the result of studying a foreign language by

students as well as increase the variety of means of teaching.

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Communication Culture and Folk Diplomacy in the Caucasus

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Abstract

Caucasus is historically one of the most complicated regions due to ethnic-cultural diversity of its population. Scarcity of land, economic conditions and strained political environment often gave rise to attacks, revenge and conflicts between Caucasians. It was particularly dangerous for small ethnic groups because they were put at threat of extinction under such conditions. In such situation it was vitally important to introduce folk diplomacy. Caucasians developed the means of regulating their relations during living together over centuries and laid the foundation to a reasonably designed communication culture. The hospitality tradition is the basis of this culture which has acquired sacral signs as it was based upon religious principles and became the best means of regulation of relations. The rule of making friends by families of various ethnic origins (so-called "Konagoba") which is widely spread in the Caucasus is generated from this tradition. It facilitated closer relations between neighboring tribes and served the common peace interests. Disputable questions were often resolved and non-aggression promise was made with the help of these families. Temporary exchange of children and upbringing them was actively used as the means of folk diplomacy. These mediator children became guarantors of future peaceful relations. The report mentions communication cultural traditions of Caucasians and the unique examples which had place in ethnographic everyday life and were reflected in their folklore and literature.

Caucasus is historically one of the most complicated regions due to ethnic-cultural diversity of its population. Scarcity of land, economic conditions and strained political environment often gave rise to attacks, revenge and conflicts between Caucasians. It was particularly dangerous for small ethnic groups because they were put at threat of extinction under such conditions. In such situation it was vitally important to introduce folk diplomacy.

Caucasians developed the means of regulating their relations during living together over centuries and laid the foundation to a reasonably designed communication culture. The hospitality tradition is the basis of this culture which has acquired sacral signs as it was based upon religious principles and became the best means of regulation of relations. The rule of making friends by families of various ethnic origins (so-called 'Konaghoba') which is widely spread in the Caucasus is generated from this tradition. It facilitated closer relations between neighboring tribes and served the common peace interests.

Hospitality of Caucasians now seems a tradition arising out of their nature but if we consider folkloric-ethnographic materials, sacral-ritualistic signs are also evident there. There is a legend that the God appeared as an old beggar and walked house by house and checked how he would be met. As people say, a guest is sent by God (or the guest himself is the God) and receiving a guest with due respect was considered as a service to God. The Georgian word "sautskhoo" means the best, special. It derives from the word "utskho" which also means "guest" by the content. Both invited and uninvited guests were received with similar respect

in the Caucasus. The guest of one village was considered to be the guest for the whole village. The guestless man was called “not mixed with people”. If somebody would not provide an accommodation to the guest at night, the village residents would burn his house.

The host was obliged to protect the guest and if he could not protect him, the village would judge him and expel from the village. Killing a guest was considered a great dishonor for the family, so the relatives would kill the killer as the offender of the descent. The Georgian ballad (“Shiola and Mtrekheli”) says that a sister took revenge upon her brother who had killed her guest in the house. The topic of hospitality is reflected in works of Vazha Pshavela.

The Georgians and their northern neighbors were connected by political and cultural-economic relations from the old times. They had much in common in their traditions, material culture and social institutions. It seems that it was due to this fact that peoples residing in the Caucasus managed to find the ways which would strengthen their relations and create guarantees for security.

Hospitality became the basis of those Caucasian customs which acquired a special image of folk diplomacy. Folk traditions of artificially becoming relatives, friends and good neighbors between Georgian and North Caucasians, established as a result of acquaintance and being a guest, come from the ancient centuries. In Georgia, such relations were described by the following terms: “Mtsnauroba” (relationship based on acquaintance), “Kerdzoba” (the one who is a relative, own), “Jalaboba” (visiting a family), “Becoming sworn brothers”. In the North Caucasus it was mainly referred to as “Konaghoba”. “Konagh” is a term of Turkish origin and means “guest”. Over the time, its meaning widened and was used to describe friendly relations of representatives of various tribes.

People residing in the Caucasus often had to visit neighbor tribes for various reasons (trade, work, hunting, escaping from revenge etc.). So it was very important to have a konagh – a friend, sworn brother, a family turned into relatives. They would be provided with meal, accommodation and protection there.

“Mtsnauroba” was mainly based on economic relations of the mountain and lowland population. Friends used their house for guest, meals and drinks were free and they were also connected by household issues. There should not be any lie, betrayal between them. If they had one religion they tried to become relatives – to baptize, marry the women.

“Kerdzoba” was based on closer relations. It was the same as sworn brotherhood and marriage between their families was prohibited. The persons becoming close in such manner would mix their blood or a piece of silver. Mother of one of them would attend sweating the oath, because the sworn should hold a tooth on her breast. After that he was considered as her acquired son and the family member. Sworn brotherhood was transferred to generations and there was no need to carry out the ritual again. Children were taught the language, names of sworn brothers, villages where they lived and the children continued the deeds of their fathers.

Wives of sworn brothers were considered as sworn sisters. During the prayer women would first bless sworn brothers of their families and then their husbands. They used to give present to each other. If brothers would divide their property, it was distributed among sworn brothers too in order of age. If somebody died, sworn brothers were notified first of all and they would come not only for sympathy but also to provide material assistance to the family.

Konaghoba took place among representatives of various confessions. It is an artificial form of making relatives- coming closer which was very spread in the Caucasus. Georgians had konaghs in Chechnya, Ingushetia, Ossetia, Kabard, Dagestan, Azerbaijan. There was no man who would not have a konagh in both parts of Kavkasioni Mountain. Konaghs used to give each other generous gifts, helped each other in everything and often interfered in disputes of the family. As a rule, konaghs gave their children to each other for up-

bringing. This rule aimed not only to strengthen kin relationship but also making the public closer, as these children learnt languages, household activities, customs of other peoples and served as mediators between various ethnic groups.

It should be mentioned that difference of confessions and politics never hindered centuries-long traditions of sworn brotherhood. Konaghs treated religion of each other with special care. They would not touch religion of the child given for upbringing and would not take him to their chapel. Once a konagh visited a Rachian man and remained there for several months. The host did not slaughter a pig in order not to offend the Muslim guest (Georgians would necessarily slaughter a pig for New Year!)

It should also be mentioned that if a konagh had no heritor, the other konagh would give his child as a heritor and many examples are known in folk legends about it. According to one story, a Lezgian konagh in Kahketi shot a gun accidentally and killed a little child of the konagh. The Lezgian went to his country and sent his two children to the Kakhetian konagh instead of the blood. The Kakhetian brought up both sons as his own children and when they became of full age, he left one for himself and sent the other brother to Lezgia.

Konaghoba-friendship, artificially becoming relatives, close relations did not remain only within the family boundaries, as the sworn brother of one man was considered as the relative of the whole village and therefore, villages of different parts appeared to be friends. Peacemaking functions of konaghs also widened. They were asked to interfere in deeds of the village and they played the role of public judges. They settled problems and reconciled opposing parties. Their decision had legal force and nobody protested it.

The above relations of Caucasians are described by various terms but essentially they are one and serve an important goal. It was communication culture, progressive form of relationship which connected peoples tired from religious and tribal conflicts. It was a wisely designed unique form of folk diplomacy which united ethnically and religiously different Caucasians and provided grounds for their peaceful coexistence.

Intercultural Nonverbal Communication

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Abstract

There is a popular saying, “actions speak louder than words”. The importance of non-verbal communication in our global society is especially significant. “Intercultural non-verbal communication” refers to the unspoken word between communicating parties. Two third of communication is transmitted by the non-verbal way. The possibility for misunderstanding and disagreement regarding non-verbal communication is great because of cultural differences. So, successful interaction in intercultural situations entails just as much understanding of non-verbal messages as the verbal ones. Non-verbal communication is one of the key aspects of communication. Its diverse functions include repeating, accentuating, complementing and contradicting a verbal message. This type of communication also normalizes relations, such as non-verbal cues conveying when a person should speak or not speak. Finally, non-verbal communication can even alternate a verbal message through mimics, gestures and facial expressions, particularly when people do not speak the same language. These features influences intercultural communication and can be responsible for conflict or the increase of conflict when it leads to bad communication or misinterpretation.

There is a popular saying, “actions speak louder than words”. In reality, it highlights the significance of non-verbal communication. Non-verbal communication is especially noteworthy in intercultural situations. Doubtless non-verbal differences account for typical difficulties in communicating.

The importance of non-verbal communication in our global society is especially significant. “Intercultural non-verbal communication” refers to the unspoken word between communicating parties. Two-thirds of communication is transmitted non-verbally. The possibility for misunderstanding and disagreement regarding non-verbal communication is great because of cultural differences. So, successful interaction in intercultural situations entails just as much understanding of non-verbal messages as the verbal ones.

Non-verbal communication is one of the key aspects of communication. Its diverse functions include repeating, accentuating, complementing and contradicting a verbal message. This type of communication also normalizes relations, such as non-verbal cues conveying when a person should speak or not speak. Finally, non-verbal communication can even alter a verbal message through mimics, gestures and facial expressions, particularly when people do not speak the same language.

Nonverbal communication is hugely important in any interaction with others because people tend to look for nonverbal cues when verbal messages are unclear or ambiguous (especially when different languages are being used) “Since nonverbal behavior arises from our cultural common sense (our ideas about what is appropriate, normal, and effective as communication in relationships), we use different systems of understanding gestures, posture, silence, emotional expression, touch, physical appearance, and other



nonverbal cues" (LeBaron, 2003).

Intercultural Communication

Human beings draw close to one another by their common nature but habits and customs keep them apart (Confucian).

Socrates described two worlds in PHAEDO: the first is a world of imperfection impeded by the inept medium of speech and the better second world of perfection where all things are communicated visually, without the need for words.

Widespread population migrations have changed the demographics of several nations and new intercultural identities and communities have been born. The growth of interdependence of people and cultures in the global society of the twenty-first century has forced us to pay even more attention to intercultural issues.

All civilizations depend on each-other for different reasons. People of the world carry out communication through verbal and nonverbal means. The better our intercultural communication skills, the easier it will be for us to take our place in international society. Typically more interest is focused on verbal communication than nonverbal communication. Unfortunately, communicating sides make great efforts to find appropriate vocabulary but neglect nonverbal communication cues. It is important to raise responsiveness of the nonverbal communication in the process of intercultural communication. My talk deals with some of the means of nonverbal communication and ways of escaping those cultural disagreements and difficulties. The main purpose of my study is to examine the role of nonverbal behavior in the context of intercultural communication.

To overcome such difficulties requires integrating nonverbal communication skills in order to better communicate interculturally. I'd be very happy if my research plays any role in overcoming these obstacles to intercultural understanding.

Today the world does not look as huge as in the past. According to Wang, people are coerced to live in this global world. With the development of globalization, intercultural communication has become more significant than even before (2007).

Every day, whether we realize it or not, we observe nonverbal communication. We are able to understand more about the people we come into contact with because of this observation.

The term "intercultural communication" was first used in Edward T. Hall's (1959) book, *The Silent Language*, and Hall has been acknowledged to be the founder of the field of intercultural communication. Throughout the growth of intercultural communication study, Hall's work has remained influential (Rogers et al. 2002). *The Silent Language* placed a serious accent on "nonverbal" communication, and a significant contribution of the book to its readers was its discussion of unseen aspects of human communication, mainly *proxemics* (how space affects communication) and *chronemics* (how time affects communication).

The research of the field of nonverbal communications has grown swiftly over the last few decades, and it has functions in business, media, international relations, education, and indeed any field which notably involves interpersonal and group dynamics.

According to Shi-Xu (2001), there are three significant positions that should contain a meaningful measurement of intercultural communication. First, intercultural communication should be judged at the level of social acts and not just language interpretation. Accordingly, it is not the accepting of words and sentences that is so essential, but the social dimension that is worthy of critical notice. Secondly, that intercultural communication is a socially structured action or message so the meaning of communication cannot be diminished by words. Thirdly, intercultural communication does not go on in a power vacuum, or equal-power

dealings. Intercultural communication was situated in the context of imbalance of power and inequality in resources between the east and the west, the north and the south, men and women, the majority and the minority.

According to Chen and Starosta (1996), the abilities of negotiating cultural meanings and executing appropriately effective communication behaviors allow people to become competent in intercultural communication. The correlated challenge is that people from different cultural backgrounds transmit different understandings and beliefs viewing group dynamics, management techniques, social norms and communication models.

Political aspects of NVC

In the contemporary international world, great attention and care is taken to bridge cultural differences among world leaders when they meet. There are whole teams of protocol and pre-event personnel who go over every detail of an interaction to ensure nothing is missed, mismanaged, or misunderstood.

Cultural differences have significant effects on diplomatic negotiations. Failure to understand and appreciate these differences can have serious consequences for negotiations. Successful leaders communicate efficiently—not only with their words, but just as important, through nonverbal actions. Some politicians understand the effect of body language on the public and may try to use it to their advantage. While some politicians may be able to influence people with sensitive body language.

Current American history is dominated by presidential politics and also by nonverbals.

Politicians who stare out into the distance during another's speech are subconsciously telling the audience that he or she doesn't think the person speaking deserves his or her attention. Even a smile can give away a politician's true feelings.

The most effective leaders are those who transmit charisma and confidence. They connect with others and stimulate interest. They show emotion. They are labeled "visionaries. Nonverbal communication has been a critical component of American presidential debates from the very first televised forum. In 1960, Richard M. Nixon's five o'clock shadow helped make him look pale, sickly, and thin. Michael Dukakis was criticized in 1988 for his lack of emotion and stiff posture. George H.W. Bush looked at his watch during a 1992 debate, suggesting impatience, boredom, or lack of interest. In 2000, Al Gore's sighing and eye-rolling made him less likable.

Clinton's body language is one of the interesting fields for political researchers. So his nonverbal communication style draws many researchers' attention. I can give some examples.

Both Clinton and his spouse Hillary were masters of nonverbal communication. When accusations were made in the media, the president and his wife were seen holding hands. When the fires of accusation were most intense, Mrs. Clinton was seen publicly leaning tightly against her husband's chest. The message was obvious: "Forget all these allegations; there is nothing wrong here. (Foster, 2000)

Former U.S. President Bill Clinton often bit his lip when trying to appear emotional, such as when he apologized for the affair with Monica Lewinsky. Did that small gesture win him the public's sympathy? (See: www.bodylanguageexpert.co.uk/body-language-politicians.html)

The gesture dubbed the "Clinton thumb" after one of its most famous users; Bill Clinton is used by politicians to provide emphasis in speeches. This gesture has the thumb leaning against the thumb-side portion of the index finger, which is part of a closed fist, or slightly projecting from the fist. An emphatic, it does not exhibit the anger of the clenched fist or pointing finger, and so is thought to be less threatening. This gesture was likely adopted by Clinton from John F. Kennedy who can be seen using it in many speeches and images from his political career (Mankiewicz, 2009).

The current president of the U.S., Barack Obama, also has very interesting nonverbal behavior. One of



the politicians characterizes his body language as following: *“Obama is a good speaker, but his stylistic range is pretty limited. His style lacks the common touch of Roosevelt, Truman, Johnson, Carter, and Clinton. That's a political problem for him”*. However, Obama's success in leadership is sometimes attributed to his use of appropriate body language. Most notably, his brilliant smile.

Studies show that people prefer more attractive speakers to less attractive. The other facial gestures that work well for public speakers are three universally understood ones: opening the eyes, raising the eyebrows, and nodding the head. President Obama, for example, uses each of these gestures, but in particular he is a great 'nodder'. Watch any speech of his, and you will see him nod at the ends of phrases and sentences. This has the effect of affirming through body language what his content is saying. It's one reason why we find him so convincing as a speaker and President (Cost, 2008).

Leaders in general will use different nonverbal behaviors and actions when addressing a crowd or making a speech than they would in a one-on-one situation. For example, Obama made good use of eye contact with individuals during his debates with John McCain. He was avoiding eye contact because he has a short temper and looking at Obama might provoke his anger. America may see his weakness; it was a good strategy for McCain (see, www.businessweek.com/.../sep2008/ca20080929_440972.htm).

No matter how poised he or she is while giving a speech, certain gestures can give away the true feelings about something despite what someone's mouth is saying.

The former British Prime Minister Tony Blair also is considered a leader with interesting nonverbal style. He would fiddle with his little finger when anxious while others note that he may touch his stomach when under verbal attack. Mr. Blair raises his eyebrows when he wants to appear non-threatening, a submissive gesture (see, news.bbc.co.uk/2/hi/.../5316916.stm press conference).

Studies show nonverbal communication is the emotional meaning behind what is said. People react effectively to what they see, or to the tone of voice that is used to speak the words they hear. Everything from dress, the extent of physical space between the speaker and audience, hand gestures, body movement, mimics, and tone of voice can make or break a leader's message.

Gender Aspects of NVC

How does our gender affect us in our intercultural interactions? Gender has a great influence on all sides of human communication and raises many profound social matters.

There is communication specialization between men and women, men being more accurate with vocal and women with visual communication. Research has shown girls display more nurturance communication behavior than boys and this would account for a higher sensitivity to nonverbal cues (Bullis & Horn, 1995).

Do males and females interact according to different nonverbal agendas? Communication between men and women is considered to be cross-cultural communication and women and men are from different planets. They speak as if they have different dialects and sometimes don't understand each other completely. What does help you to understand the opposite sex? Certainly, a nonverbal communication.

Some gender aspects of nonverbal communication are dependable across cultures. For example, research has shown that the emotions of enjoyment, anger, fear, sadness, disgust, and surprise are expressed in similar ways by people around the world. Differences surface with respect to which emotions are acceptable to display in various cultural settings, and by whom. For instance, it may be more socially acceptable in some settings in the United States for women to show fear, but not anger, and for men to display anger, but not fear.

In most Westernized countries it is considered normal for two men to shake hands. In some Asian and Islamic countries it is considered normal for men to kiss each other, either on the cheeks or on the lips. Some countries also consider men holding hands to be normal. In most westernized countries men kissing or holding

hands in public would be viewed as homosexual behavior (see,).

Islamic cultures generally don't approve of any touching between opposite genders (even handshakes), but consider such touching (including hand holding, hugs) between same-sex to be appropriate.

When traveling to other societies, it is important to understand that there are likely to be significant gender differences in paralanguage in addition to distinctions in clothes and adornment. In North America, for instance, men generally prefer face to face conversations and maintain direct eye contact longer. In contrast, women often converse standing side by side but closer together than is typical of men. Male handshakes tend to be firmer. North American women usually are more restrained in their use of bold gestures but use more facial expressions (especially smiles) and are more skilled in interpreting them.

In Japan, women most often speak with an artificially high pitch, especially when conversing with men in a business or official setting. This is part of the general deference traditionally shown to men. However, recent research indicates that the pitch of female voices has begun to lower. It has been suggested that this change is connected with the increased economic and political power of Japanese women.

Studies have been made concerning feminine and masculine pictures of the world, the differences between feminine and masculine values, and the distinctive features of speech that men and women use. Women in low-masculinity cultures show more synchrony in their movement than those in high-masculinity cultures.

It has been suggested women's lower status may negatively influence perceptions of power and therefore hinder credibility and persuasiveness. Although gender was not investigated in a study by Aguinis, Simonsen and Pierce (1998), it was found that nervous facial expressions and indirect eye contact hindered perceptions of power and credibility.

As women's roles in society change and they move to higher positions of power in the work place, finding the most effective influential measures is needed. But Woods (1996) considers that women's nonverbal communication ability may be based on interpersonal cognitive complexity rather than status or value placed on learned nurturance.

According to Becky Michele Mulvaney it is useful to view gender communication as a form of intercultural communication. First, the author considers that gender is both an influence on and a product of communication. In short, Becky highlights the primary role played by communication in gender issues.

Second, descriptions of some salient elements of intercultural communication Becky maintains that gender communication is a form of intercultural communication. Finally, according to the author gender communication plays an important role in developing effective intercultural communication skills.

NVC across culture

Culture distinctions can influence the means people use to converse non-verbally. As we have already mentioned above, the verbal language is not as frequently used among diverse populations of the world as NVC.

When first exposed to a new situation where manners, language and behavior are all strange, people may experience culture shock with changeable meanings from society to society, and therefore it is easy to see how misunderstandings may arise. Culture gives meaning to behavior, diverse hand gesticulations, how close we may stand when communicating, our tolerance and even greetings; consequently, our culture affects every aspect of NVC. Normally, it is significant to be aware of how smooth relations require persuasiveness with not only verbal language but visual as well. Very few gesticulations are universally understood across the world. What is absolutely adequate in one culture may be impolite or even disgusting, in other societies.

We must all learn the art of switching cultural channels to avoid the pain and discomfort of misinterpretations of non-verbal communication. However, it is indicated in many studies that the failure or misunderstandings in intercultural communication are largely caused by the misinterpretation or misuse of nonverbal behaviors (Arasaratnam & Banerjee, 2007).

Studies shows that European Americans generally speak at a distance of 18 to 30 inches, whereas Latin Americans and Southern Europeans generally communicate at a distance of 8 to 18 inches. The misunderstanding occurs at an unconscious level that Latinos appear too pushy or overly sexual and that Anglo-Saxons appear cold, uninterested and prejudiced (see, <http://www.beyondintractability.org/essay/cross-cultural>).

Expressions and gesticulations are not the same around the world. Some gestures, like the “thumbs up,” which is a positive gesture in the United States, may mean something very different in other cultures. In Nigeria, the thumbs up gesture is a rude insult! In Australia it is an obscene insult. Another funny example is spinning your finger around your ear. This is known as the “you're crazy” sign in America and in some other nations, but in Argentina, it means “you have a phone call!”

Another gesture that can be taken completely differently depending upon where you live is nodding the head. In most parts of the world, it is a positive or “yes” gesture. In Bulgaria, and parts of Greece and the Middle East, it means no.

Most people's thinking or feeling is expressed through nonverbal communication. It is the way people interact with each other without the use of words. In many cases, nonverbal actions can support what a person is saying while other times, it can be contradictory. It is important to know how to read nonverbal communication in order to have productive personal and professional relationships with others. Here are some examples:

Canada

It is polite to maintain good eye contact. Men rise when woman enter the room. It is considered bad manners to eat while on the street.

No excessive gesturing.

People stand about a half-meter apart when conversing.

Women greet with a firm handshake.

Italy

In churches women should cover their heads; do not wear short sleeves or sleeveless shirts. When dining only men pour the wine.

Long handshakes

In greetings, warm hugs and kisses are common

Spain

It is popular for men to cross their legs; but is considered unfeminine for women. Eye contact may be denoting romantic interest.

Men and women always shake.

Both men and women use abraza to greet; Women may accompany that with a cheek kiss.

Iran

Remove shoes when entering home or mosque.

To signal to someone, put your hand out with your palm down and curl your fingers in scratching motion.

The thumbs up sign are vulgar.

To signal yes, dip your head down with a slight turn.

To signal no, move your head up and back sharply.

Shaking hands with a child shows respect towards the parents.

Zimbabwe

Applauding denotes appreciation and politeness.

It is rude to maintain eye contact.

Women and girls often curtsy in greetings

Sweden

Eye contact is important when men converse with women, they remove their hat. The male guest of honor sits on the left of the hostess and the female guest sits to the right of the host. To make a toast, lift your glass and say, Skoal; the host always makes the first toast. When leaving home, wait to put on your coat after you have stepped the door.

Firm handshakes.

Men greet woman by tipping their hat.

England

To signal a waiter for the bill, make a motion with both hands of signing your name on paper. Privacy is very important, do not stare. Tipping at bars is rare.

Loud behavior is considered rude. The victory sign with your palm facing in is considered vulgar.

Never cut in line.

Saudi Arabia

Women are not allowed to drive.

Avoid showing the sole of the shoe; it is considered the lowest dirtiest part of the body. It is not proper to expose bare shoulders, stomach or legs.

Holding hands or taking someone's elbow is a sign of respect and friendship.

It is disrespectful to cross legs, to place the palm down, fingers spread with your index finger bent down and pointing outward is to insult someone.

Shaking head from side to side means yes.

By tipping the head backward clicking the tongue, people signal no.

Elders tend to greet by saying, Salaam; men greet with a hug and cheek kiss, veiled women are not introduced.

It is important that government leaders know about these things. It could be problematic if a president offended the leader of another nation because of a gesture that was misunderstood.

By recognizing and adjusting for cultural differences that are present across the globe, you can succeed in business endeavors abroad. (See, 302.tripod.com/soc.../id6.html)



Nonverbal communication can send messages as loud and clear as anything said in verbal communication.

Conclusion

The studies show that inappropriate nonverbal behaviors may cause potential conflicts in intercultural communication. Intercultural communication refers to the communication between people from different cultures. According to Samovar and Porter (1991) intercultural communication occurs whenever a message is produced by a member of one culture for consumption by a member of another culture, a message must be understood. Because of cultural differences in these kinds of contacts, the potential for misunderstanding and disagreement is great. To reduce this risk, it is important to study intercultural communication.

A culturally-fluent approach to conflict means working over time to understand these and other ways communication varies across cultures, and applying these understandings in order to enhance relationships across different cultures.

Cultural communication research tends to focus on understanding communication within one culture from the insiders' points of view (Gudykunst and Mody 2002). Understanding cross-cultural communication should be a prerequisite to understanding intercultural communication because cross-cultural communication looks at how people from differing cultural backgrounds endeavor to communicate. Thus, the core of cross-cultural communication is to establish and understand how people from different cultures communicate with each other. A new challenge for cultural fluency as a guide to effective intercultural communication is to generate approaches of investigation on how people from different cultures and speaking different languages actually influence each other in specific intercultural contexts.

The role of the right strategy of intercultural communication is very important in avoiding misunderstanding. Globalization demands a greater need for intercultural contact and interdependence. People of this globalizing world are obliged to redesign intercultural communication to achieve effectual intercultural communication proficiency.

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Tourism and Economics: Tourism Development Perspectives (Gori and Gori Region Case)

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Abstract

Tourism has exceptionally become a major sector for economic growth in the region and in Georgia in wholly. The starting point in assessing of the “Shida Kartli” tourism sector must be the available domestic potential.. But first, we must analysis the structure of the Georgia tourism sector. In the research paper is considered the real situation of tourism development possibilities on the basis of the recourses of Gori and Gori Region having very important historical sense from B.C. Tourism development capitalizes on this diversity by bringing together actors from the respective countries in order to learn from each other and jointly elaborate a common quality framework for collaborative action. What is the social, political, educational and practical order of this collaboration, cooperation and partnership of countries and how does it look?

Keywords: *Economics, tourism, Gori and Gori Region, historical monuments, visitors, social and educational policy, tourism business, research, education.*

1. Introduction

Tourism with the advent of rising mobility and leisure time together has become a sector of major significance in modern economics. Today tourism is one of the largest global industries and focuses on natural environments. Tourism can however have negative impacts through: habitat destruction; and pollution from construction; social and cultural impacts. But tourism is more and more being regarded as an instrument to change the future. With decreasing employment in agriculture, tourism is often seen as a new activity in the rural economy, generating employment and income and at the same time embracing local and national traditions and environment qualities.

The economic impacts of tourism is increasingly interested at national, local and global levels in any country and mostly in developing countries, as tourism support some of jobs. Tourism business depend extensively on each other as well as on other business, government and residents on the local community [1], [2]. Tourism activity also involves economic costs, including the direct costs incurred by tourism business, government costs for infrastructure to better serve and individuals costs. Economic impact analyses estimates of the economic interdependencies an a better understanding of the role and importance of tourism role in region's economy. Success in a tourism business environment requires knowledge and understanding of global competencies: economic systems, business practices, political, legal structures and multicultural contexts [3]. These four components are content areas for educational experiences and have a global perspective.

What economic impacts does tourism have? Tourism has a variety of economic impacts. Tourist contributes to sales, profits, jobs, tax revenues and income in an area. The most direct affects occur within the

primary tourism sectors – lodging, restaurants, , transportation, amusements and retail trade. Through secondary affects tourism affects most sectors of the economy. An economic impact analysis of tourism actively normally focuses on changes in sale, income and employment in the region resulting from tourism activity [4]. Gori and Gori Region have the resources to satisfy a demand on the need level of services.

2. Problem Idea

Since 90s Georgia has had a dramatic increase in economic inequality. The political, economic and social upheaval that begun in 90s was toward a greater inequality that is continuing today. It is interesting to provide an alternative view of this period in Georgia and Georgia regions, particularly of the last 10 years. My argument is that the high and rising inequality is the direct result of a set of economic and social policies designed first and foremost to increasing inequality. This policies , in turn, have their roots in a significant shift in political power against population, as: a privatization process provided in 90s and unemployment lasted today.

The research idea is focused on tourism policy that provided by government and is one of the significant moment for the economic development and employment. But this policy will be effected mostly in prospect and less can be help on current social problems. No doubt, some of the questions arise in according this policy:

- We don't know, how and when does tourism increase economic growth and does it do more so more than other industries?

- Does this tourism policy provided by government is more effective than the ecotourism development in the current situation?

The relationship between tourism and economic growth in developing countries is one of the being investigated, but establishing the link between economic growth and tourism is not enough. There is evidence that tourism causes growth and it is must be bounded with reduce social problems and among of them poverty [5]. In this current social-economic situation (inflation, unemployment) every region have to seek for resources for salvation. . In general, tourism in developing countries improves a developing country's growth prospects. By Jeffrey Sachs “countries are poor and people are poor not because of lack of finances but because of certain structural reasons. One of these for example is being landlocked” [6].

The main stress must be directed to the development of ecotourism in Gori and Gori Region where are placed the important historical monuments (Upflistsikhe, Ateni Sioni, etc.). The Interviewing of the region's families had shown a desire of them be involved in to this activity. But versus of his idea or together with this idea is important a political situation in the country and tourism's resources.

3. Country Statements and Initiatives

The starting point in our efforts to do so is a proper understanding of the structure of the Georgia tourism sector. The Success of tourism also dictates the fortunes of a number of other sectors which contribute greatly to the attractiveness of Georgia for domestic tourists, and as a destination for overseas visitors – including transport, galleries, museums, theatres, heritage. As a result, the relevant players in tourism are many and diverse, with wide variations in the natures and sizes of businesses and other bodies. They all face significant challenges with providing the public infrastructure.

The economic growth will benefit the whole sector, creating jobs and generating wealth across the country. But growth means offering tourists of all ages and interests a quality of experience which exceeds their expectations. If we are to ensure that this is the case, we need an effective partnership between the private, voluntary and public sectors by:

- Ensuring continuous improvement in the quality of our tourism products;

Investing more in developing the right skills;

Helping businesses by providing more and better customer information, making it easier to access different services.

The tourism industry must play a major role in Georgia's economy. In order to cultivate awareness of tourism as a national priority the Training Modules in Tourism have to develop for both, primary and secondary schools.

The modules would be provide supplemental information for the tourism component of the respective primary and secondary school curricula. They cover such topics as the history and the economic impact of tourism, sustainable tourism development, tourism and culture, and careers in tourism. After completing the module, it is hoped that students will not only understand the importance of the industry to Georgia but also recognize the opportunities that it may provide for them.

4. The Tourism Development Policy and the Resources of Gori and Gori Region

The tourism is a direction that has exceptionally become a major sector for economic growth of the country and the fact that it will outperforms all other sectors makes tourism very unique and important. Tourism is an vibrant industry to economic development of the region and thus, it should be given priority attention Tourism Today serves to promote and enhance research in the fields of tourism and tourism education and tourism business management provide a platform for debate and dissemination of research findings, new research areas and techniques, conceptual developments, and practical application. There are considered the next motivations:

1. It is accepted the fact that all countries have tourism potential that can be developed and enhanced but because of our own level and resource endowment and capacity limitation, the level of development also defers our possibilities. The important factor is a partnership and cooperation and desire for economic advancement. and more, the development of the tourism network with integrating in the international tourism network.

2. To make the vision a reality, we need a set of common objectives, delivery strategies which everyone understands, and clear allocation of responsibility. Putting our aims into practice involves more than words and it involves difficult choices about making the best use of available resources.

Following this process, we are concentrating on the Developing of the next key drivers:

Marketing and e-tourism;

The quality of our products;

The skills on the basis of education of our people;

The data on which we base our business management decisions.

3. There is suggested the support of any level for creation of tourism education and tourism business management and creation the regional studying complex for tourism development in the Tana Gorge, where are all natural resources for the development of infrastructure and where we can provide the studying process on all of studying level and preparing the need specialists in the winter and the summer schools.

4. There is provided the research on the development and introducing of tourism study program in the secondary schools for any level.

5. There is suggested the research task for risk assessment of the complete tourism's model with additional factors (influence of IT and government regulation).

6. There is developed the idea of the implementation of study program for the secondary schools

together with the basis of economics.

7. There are the results of the questionnaires on the population sense about tourism and tourism business teaching in the secondary schools as the basis of tourism development in the Gori region.

4.1. Goals and strategies in the field of tourism

The activities of the development organizations in the field of tourism must be comply with the general principles of Georgia development policy, which itself must be consistent the concept of sustainable development and promote a sustainable tourism development in the destinations of the partner countries. This means a development that ensures the conservation of natural resources, economic value creation and respect for the culture and traditions of the local population through participative decision and learning processes. This is achieved strategically through the selective promotion of sustainable forms of tourism . Beyond this general level, however, no comprehensive and coherent set of inter-organizational or even organization-internal development goals and strategies for the field of tourism exists.

There has been discussion about whether to establish tourism as an individual or cross-sectional field of activity within development cooperation in the future. As a result of this complete lack of inter-organizational prioritization and visioning to deal with the field of tourism in the future, the development organizations have individually initiated their own separate tourism relevant activities in coordination with their respective partners in the destinations, but with no overall conceptual, organizational and strategic coordination with each other. In the past, the funding of these activities.

In view of this situation, it is necessary first to shed further light on the inter linkages between tourism and the Georgian development cooperation's goals and priorities regarding development policy . The results can then serve as the basis for the formulation of concrete goals and strategies in the field of tourism and to develop a consistent line of argument which emphasizes the real importance of tourism for the developing countries, as Georgia is a developing country.

Tourism promotion as a means for sustainable financing of a national parks and job creation in regions and promotion strategy for sustainable tourism that included, among others, the implementation of an umbrella brand for tourism products in Georgia.

4.2. The Future of tourism in development cooperation: potentials, linkages and perspectives

As another basis for identifying the need for action and formulate strategy on facts and trends and discusses the potentials and perspectives the field of tourism ,we must analysis the situation in the region and linkage between tourism and the existing priority goals and activities of Gori and Gori Region.

With the links obtained in this way, it is then possible to identify synergistic effects which, depending on the situation, may have little to very significant impact on the sustainable development of tourism destinations and therefore must be given appropriate weight, specifically in the formulation of its future. We will consider the Resources of Gori and Gori Region for tourism Development [7].

4.2.1. General information

Gori Region as administrative-territorial unit in east Georgia- Shida Kartli was established in 1930 and it includes 122 villages, 22 sakrebulo (local council).

The borders of Gori region are: North - South Osetia, West –Kareli; South – Borjomi and Tsalka.

Area: 1375,9 sq/km;

Population: 150216;



Climate: Subtropical, temperature warm, wet to dry, the average annual temperature on the plain is 11°C; in the mountainous area – 7,7°C., the maximum temperature - +37°C, minimum -17°C.



The precipitation on the plain 585mm: Lowland - 608 mm, maximum 760 mm and minimum 330 mm.

West and East winds blow all the year round. Mountain winds blow in the southern mountainous part of the region.

Rivers: The river Mtkvari crosses the territory from the west to the south. The tributaries of the Mtkvari are: from the left –The Liakhvi and from the right the Tana. There are some other minor rivers such as: the Patara Liakhvi, the Mejuda, the Charebula, the Dzama and the Tedzami..

The source of the Liakhvi with tributaries is on the south slope of the Caucasian ridge. The Tana and Tedzami flow from the north slope of the Trialeti ridge. The rivers are used for irrigation and energetic purposes. (Since 1990 due to economic management crisis the use of the rivers had been complicated.)

Fossil is highly productive for agriculture: gardening, vine and wheat growing, crops and garden plants. *Plants:* crops and garden plants grow on the plains, along the rivers there are grove forests. On the Trialeti ridge there are deciduous forests. *Animals:* deer, wolves, lynxes, jackals, foxes, brown bears. *Birds:* hawks, sparrows, partridges, grouse. *Fishes:* trout, tsimors, murtsa, barbel etc. According to the authors of the antique epoch and archaeological excavations in the antique period are part of the route connecting western Europe to India lay across Georgia and it ran along both sides of the river Mtkvari. Priority was given to the road lying on the left bank of the river, passing through Mtsketa, Mukhrani, Samtavisi, Gori, Urbnisi, Ruisi. Important route passing through Georgia connected Asia Minor to Mtsketa and from There through Aragvi gorge reached northern Caucasus

In early Bronze Age the so-called “Mtkvari-Araksi culture” developed in Shida Kartli. Gori was the main defensive center of Shida Kartli. The seizure of Gori meant the annihilation of Shida Kartli. That's why the Georgians always fiercely fight for Gori.

Gori is the center of Shida Kartli. This is the crossroad of the routes from the west to the east and from the south to the north. But it was not only the crossroad of the main trade routes but the main defensive eitadel of the country as well.

Gori and its region was subjected to foreign invasions due to its good strategical position and wealth. To repulse the enemy was the constant care of the people. Fortresses, churches, cathedrals, architectural monuments were destroyed and constructed again. At the same time educational centers were established.

Churches and cathedrals, like fortresses were used for protective reasons and during difficult times they served as shelters for population. That is why churches, cathedrals and fortresses were constructed in barren places, difficult to reach, near the rivers. Each monument is unique and is an embodiment of everything that is Georgian: traditions, customs, and religion. There are many historical monuments in Gori and its region, representing good examples of wall painting, sculpture, woodcarving.

The board of the protection of architectural monuments has contributed to the research, study, record keeping and restoring of historical and archaeological monuments. Difficult social-economic and political situation in Georgia significantly decreased the activities carried out by the above organization. Many historical monuments are rather damaged and are in need of help.

4.2.2. The places (villages) with the historical monuments of Gori and Gori region

1	<u>Adzvi</u>	20	<u>Khidistavi</u>	39	<u>Tedotsminda</u>
2	<u>Akhaldaba</u>	21	<u>Khurvaleti</u>	40	<u>Kitsnisi</u>
3	<u>Akhrisi</u>	22	<u>Khviti</u>	41	<u>Kvakhvrel</u>
4	<u>Arashenda</u>	23	<u>Medjvisxevi</u>	42	<u>Kvemo Rieti</u>
5	<u>Arbo</u>	24	<u>Mgebriani</u>	43	<u>Gvarebi</u>
6	<u>Ateni</u>	25	<u>Megvrekisi</u>	44	<u>Jariasheni</u>
7	<u>Berbuki</u>	26	<u>Nadarbazevi</u>	45	<u>Tiniskhidi</u>
8	<u>Bershueti</u>	27	<u>Nikozi</u>	46	<u>Tirdznisi</u>
9	<u>Bobnevi</u>	28	<u>Tedocmonda</u>	47	<u>Tkviavi</u>
10	<u>Bnavisi</u>	29	<u>Tortiza</u>	48	<u>Kelkceuli</u>
11	<u>Didi Cererti</u>	30	<u>Ortasheni</u>	49	<u>Tsedisi</u>
12	<u>Ditsi</u>	31	<u>Plavi</u>	50	<u>Tsiteltskaro</u>
13	<u>Dzevera</u>	32	<u>Plavismani</u>	51	<u>Uplistsikhe</u>
14	<u>Garejvari</u>	33	<u>Sakasheti</u>	52	<u>Variani</u>
15	<u>Gorjvari</u>	34	<u>Skra Gorge</u>	53	<u>Zerti</u>
16	<u>Karbi</u>	35	<u>Sveneti</u>	54	<u>Zegduleti</u>
17	<u>Kirbali</u>	36	<u>Sakavre</u>		
18	<u>Koshkebi</u>	37	<u>Shavshvebi</u>		
19	<u>Kheltubani</u>	38	<u>Shindisi</u>		

4.2.3. The statistical data on visitors

After 2005, by statistical data, maximum visitors is fixed in 2008 [8] and I am sure, it was the result of Russia-Georgia war, but a revising these data we have to indicate that Gori region has a big recourses for becoming as the tourism center of Shida kartli in general. By Fig. 1-5 there are presented the visitors dynamics of main tourism routs as: Gori, Ateni, Uflistsikhe in 2000-2009. The Fig.6 summarizes the dynamics of visitors by these three routs. In addition, Gori route is considered with Stalin Museum and Sergi Makalatia Historical-Ethnographical Museum. Today is provided to work out tourism packages for full Gori Region.

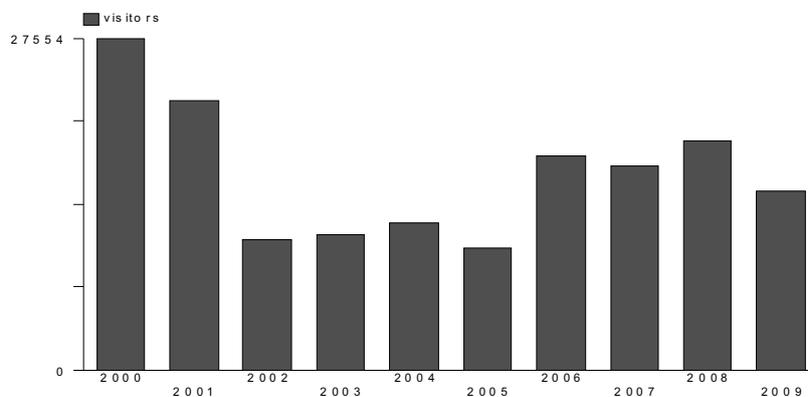


Figure 1. Visitors' dynamics in Stalin Museum, 2000-2009



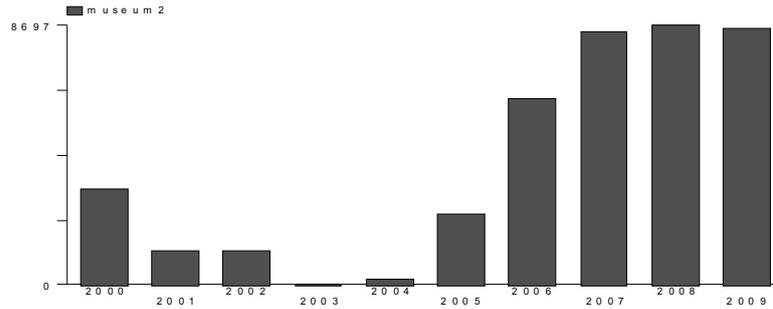


Figure 2. Visitors' dynamics in Sergi Makalatia Historical-Ethnographical Museum of Gori (2000 -2009)

Note: The distinguish of the visitors in 2003-2004 is explained by replacing of the museum to the new building and the services of the museum was limited by the research providing by visitors'

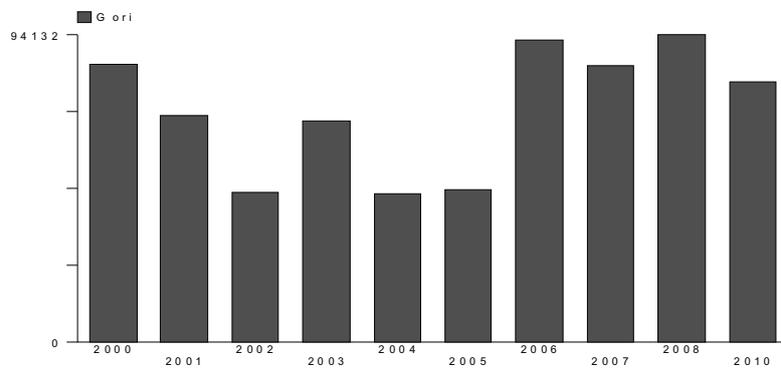


Figure 3. Visitors' dynamics in Gori and Gori Region, 2000-2009

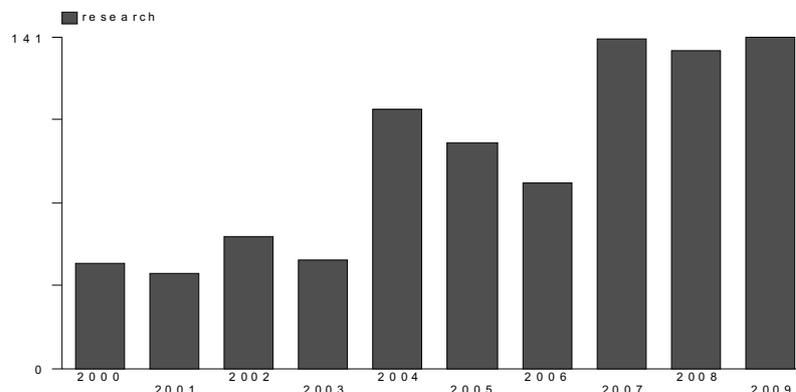


Figure 4. Visitors' dynamics in the Ateni Sioni, 2000-2009

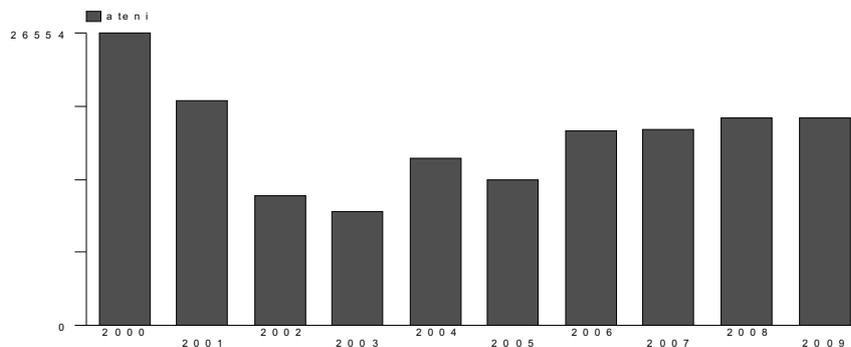


Figure 5. Visitors' dynamics in the Ateni Sioni without research, 2000-2009

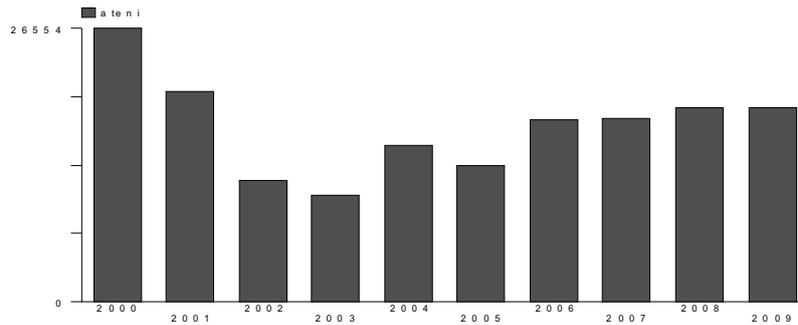


Figure 6. Vistors Dynamics in “Upflistsikhe”, 2000 - 2009

4.2.4. Development tourism policy and tourism business education

Development policy education in Georgia is aimed at a better understanding of people from other cultures, as well as at focusing on common interests and problems of the One World and promoting solidarity. The development policy education have to consider culturally, economically and socially aspects connected worldwide, this is also called „global learning“.

Apart from providing general information, as:

Facts and trends of tourism of Georgia,

Linkages between tourism and the primary goals and fields of activity in German development cooperation, the development policy must focus more closely than ever on specific education and awareness activities on issues which are of particular importance in terms of the promotion and implementation of the sustainability objective in tourism in the context of Georgia have, so far, been inadequately communicated to the large majority of tourists. Among these issues are:

Energy and water consumption during holidays,

Fair trade in tourism,

Corporate social responsibility and tourism.

To this aim, development policy education in the field of tourism requires further conceptual and strategic development and, based on a professional and innovative communication strategy, and also on the tourism business education. This is can be presented with the program on “Tourism Business Education” for high classes of the secondary schools or first years students including the tasks:

Development of a set of guiding principles and determination of target groups;

implementation of tourism projects;

Improvement of the institutional integration of the field of tourism within the strategic partner;

Evaluation of tourism projects and development of practicable tools;

Strategic and conceptual development of development policy education;

Expansion of research activities in the field of tourism.

4.2.5. The Program for “Tourism Business Research Education Course Description”

This course introduces the student to the basics of primary and secondary qualitative research methods needed in business and sustainable tourism development. Students gain an understanding of the importance of backing up business proposals and tourism planning with credible, relevant and up to date

research. Students learn a variety of new research skills and apply them throughout an independent research project.

Learning Outcomes:

Upon the successful completion of this course, student should be able to:

- understand the role of Business and Tourism Business in decision making;
- develop and conduct a small Business/Tourism Research Study;
- write an effective research proposal and paper;
- understand terms and concepts used in Business/Tourism Research;
- develop decision making and problem solving skills;
- develop interpersonal and communication skills.

Course Topics:

a/ Introduction to Business/Tourism Business Research Education

Tourism Business (overview)

Research in Business

Thinking Like a Researcher

The Research Process: An Overview

Research Proposals

Ethics in Business Research

b/The Design of Business/Tourism Research Education

Research Design: An Overview

Primary and Secondary Data

Observation Studies

Surveys

Experiments

Focus Groups

Case studies

Interviews

Data Analysis and Presentation

Data analysis

Exploring, Displaying, Examining Data

Discovering conclusions

Presenting Findings

For integrating this program, there was provided the interviewing of the region's population in the frame of IREX/IATP (International Research Exchange Board/Internet Access Training Program) program in 2005-2009 and stata software.

The questioned number is 3288. The questionnaire included 9 questions and distribution of the results by questions are:

1. I agree for tourism development – 100%;
2. I agree for eco- and agricultural tourism development – 96,8%;
3. I agree of householders' education into the direction eco- and agricultural tourism – 95,7%
4. Gori municipality have to estimate the income by each region separately- 85,7%
5. Local and central government have to support a research works for tourism development -72,8%
6. The development of tourism is conducted reasonably in the Gori region- 13,1%
7. It is necessary research of tourism economics – 66,4%
8. It is necessary to introduce a tourism education and history of tourism development into the secondary schools – 87,8%
9. The amount of supporters of tourism educational program – 69,6%

The results are presented by Fig.7

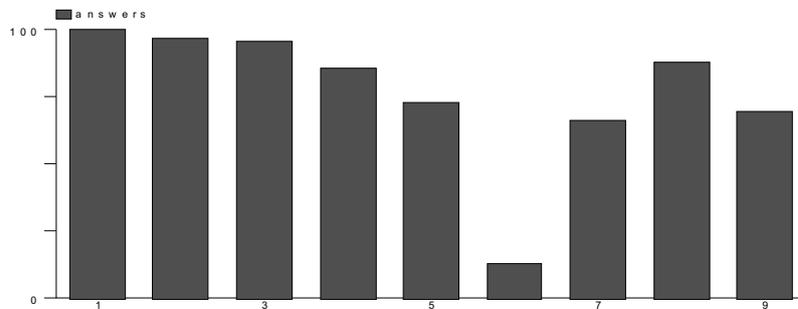


Figure 7. The distribution of the interviewer's answers by number of questions

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Cultural Relations of the Azerbaijan Republic at the Modern Time

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Abstract

Azerbaijan situated in the crossroad between East and West summed up various values of world civilization, moreover, made a major contribution to treasures of world culture, education and science. Furthermore, the ancient national culture of Azerbaijan enhanced through associating with world civilization. This is natural just because culture of all nations couldn't exist without communicating with or isolating from all the other cultures of the world. Therefore, national culture should enrich through the achievements of the world and should be beneficial for whole mankind. Today the geography of Azerbaijani cultural relations is also being expanded, and gets new forms and shapes. Although a lot of works should be done for better introducing our culture to world. It is pity that Azerbaijan is still known for its Oil and Nagorno Karabakh problem, not for our rich cultural heritage. The pearls of our cultural heritage in better way can be considered as a sample of Islam culture and the world community does not get information about the exact possessors of this culture. The worse situation is that Armenians are not satisfy with the occupation of our territory, but also they pretend to possess our cultural and historical monuments, music, poet pearls of Azerbaijan to their own.

The great scientific and technological revolutions of the XX century gave a new impetus for the understanding of the world and relations between nature and humans. Consequently, these revolutions led conflicts between states, so the result of integration process among different nations is getting more profound, and becoming a new impetus for the Development of World Policy.

At the beginning of the 90th of XX century the collapse of Soviet Union has shifted the world's political map. The recently emerged geographical-political units began to integrate actively to world's political system. The South Caucasus was one of the territories which could attract the attention of world policy. The geo-political processes which are going on in this territory directed the attention of world and regional countries to the pressing policy of South Caucasus. The Republic of Azerbaijan is the potential country from its cultural and economic aspects. The leading countries of the world have accepted Azerbaijan as the leader country of South Caucasus. Azerbaijan tries to gain the balanced position in world policy. It has been determined the priorities of world policy by the realization of economic, democratic, social-cultural reforms (Xudiyev, 2011).

Along with the other factors the place and the role of each country in the International Relation system is being determined with the resources of foreign policy. Relying on these resources the states conduct their policy and act in an adequate way in the world arena.

Azerbaijan possesses geographical, economic, military-political, social-democratic resources and rich cultural moral potential. The cultural-ideological potential, the academic and intellectual level of population make our country occupy leading places in the world. The most valuable treasure of each country is its cultural

and moral values.

Through the ages Azerbaijan is situated on the cross roads of East and West. Azerbaijan’s ancient cultural history which summoned the advanced values of world civilization and at the same time made its contribution to world’s cultural, scientific education treasure became richer via the development of contact with world nation’s culture. The main and important duty which stands before Azerbaijan state and nation is to preserve, enrich these national and cultural values and convey them to future generations. With these aims all level of the creative and constructive activities should be propagated, the main importance has to be given to the invention, direction and appreciation of new abilities (Abbasov N., 2009)

Today international cultural relations have become the main field of International Relations and this has led main factor for protection of stability and security in the world, for strengthening the solidarity among nations and mutual trust and confidence.

In 1991 Azerbaijan Republic after getting its independence determined the main priorities of foreign policy, became the subject of International Relations and going on moral processes in the world occupied specific place in the development of our country and decently utilization of moral-cultural power in providing political, economic interests of Azerbaijan in International arena. Today Azerbaijan is the member of more than 30 international and regional organizations (Abbasov N., 2009).

The globalization process intends the relations to become closer between nations and enlarges their cultural relations and also benefits from the success of other countries gained in cultural policy with the condition not to lose their own cultural traditions and characteristics. The International organizations such as UN, UNESCO, and European Council carry out different events to support to forming the international cultural policy and to develop the world culture.

In 2006 the president of Azerbaijan Ilham Aliyev signed a decree about the establishment of the Ministry of Culture and Tourism. Besides preserving the national cultural values of the nation within the country, the Ministry in accordance with the interstate treaties conducts international cultural programs with Europe, Asia, Latin America, USA and Islamic countries (Abbasov N., 2009). The Azerbaijan Republic became the member of UNESCO on 3 June 1992.

The main step in the development of UNESCO-Azerbaijan relations was achieved during the former president, national leader of Azerbaijan Republic Haydar Aliyev’s official visit paid to France in December 1993 (Mamedaliyeva, 2007).

In 1994 Haydar Aliyev issued a decree about the formation of UNESCO National Commission in Azerbaijan within the Ministry of Foreign Affairs. This Commission consists of 25 members and the Ministry of Foreign Affairs of Azerbaijan Republic is the head of this Commission. Currently, the Ministry of Foreign Affairs of Azerbaijan Republic – Elmar Mammadyarov is the head of this Commission. Actually, the National Commission defines the main dimensions of policy on UNESCO of Azerbaijan Republic (Mamedaliyeva, 2007)

The daily activities of Azerbaijan – UNESCO relation are conducted by the Standing Secretary of National Commission within the Ministry of Foreign Affairs of Azerbaijan Republic and by the Standing representative of Azerbaijan at UNESCO in Paris. At the result of Azerbaijan-UNESCO relations the ancient and rich heritage of Azerbaijan Republic became the part of world heritage.

The first lady of Azerbaijan Republic, the Head of Heydar Aliyev Foundation – Mrs. Mehriban Aliyeva played great role in the improvement and development of UNESCO-Azerbaijan ties. In 2004 Mrs. Mehriban Aliyeva was declared the goodwill ambassador of UNESCO on the field of folk art and music traditions because of her support for the development of traditional music, literature and poetry, her works done in the field of exchanges in education, music and world culture and also her devoutness to the ideas of UNESCO.

Since 1995 Mrs. Mehriban Aliyeva has organized festivities, exhibitions, cultural programs and concerts through the organization of “Friends of Azerbaijani Cultural Found” and so she had an active part in the propaganda of our cultural heritage, and in its preservation in national and regional base. By Mrs. Mehriban Aliyeva’s initiative there was created the International Mugham Center in Baku (Abbasov, 2009). In 2003 Mugham was included in the list of “Masterpiece of humankind and non-material heritage”.

Azerbaijan Republic has joined to the conventions of UNESCO “The preservation of cultural values and heritage”, “The recognition of specialties in higher education, diplomas and degrees”, “The preservation of non-material cultural heritage” and so on. In the framework of UNESCO more than 70 concerts, jubilees, scientific seminars and symposiums, conferences and congresses, meetings and festivities as “1300 anniversary of Kitabi-Dada Gorgud”, “500 anniversary of Muhammad Fizuli”, “900 anniversary of Nasraddin Tusi”, “200 anniversary of Mirza Kazimbey”, “100 anniversary of Mir Jalal Pashayev” have been organized till the August 2010 (Mamedaliyeva, 2007).

Mainly, the National art is a key element in the development of cultural-humanitarian ties. The language of music, dance and ballet is universal. Our professional artists, singers, actors and actresses, dancers do their best for making Azerbaijan national art worldwide known. Our well-known khanandas, dancing and ballet groups, outstanding artist, sculptures take part at the international events and represent our country, culture and nation very well. Alim Gasimov, Aziza Mustafazade, Mensim Ibrahimov and others are well-known all over the world.

Azerbaijan has been represented in different art festivals and music competitions. During last four years our young singers represented our country in the Eurovision song contest too.

Nowadays one of the forms of cultural relations of Azerbaijan Republic is organizing cultural days of different countries. After getting its independence there was organized cultural days more than of 50 countries in Azerbaijan and Azerbaijani cultural days also was organized in different countries.

Actually, Azerbaijan is not a religious, but a secular state. However, the Islamic values are highly valued in Azerbaijan too. According to the Azerbaijan Constitution all citizens are equal regardless their religion or faith. Azerbaijan might be a good example in the field of tolerance to most countries of the world. Taking into account all above mentioned facts Azerbaijan was declared “Centre of Islamic culture” in 2009. During this year a lot of cultural events took place in our country. Azerbaijan also has been taking an active part in all events organized by ISESKO since 1992.

The experiment of XX century proved that the development of regional economic integration on the basis of geographical and cultural unity has been ensured. In fact, the XXI century is a globalization century and regionalization is a cornerstone of globalization process. This process opened new possibilities and challenges for Turkic countries. Geographical and economic condition of Turkic countries give opportunities to increase Social Welfare level of people by using modern economic, transportation and cultural integration mechanism. Turkic countries forms geopolitical and social - cultural enclave among European Union and rapidly growing Asian countries. Turkic peoples’ gained achievements who have special place in world culture and history can’t be denied. The heritage presented to world civilization by Turkic people is very valuable. During last centuries important historical events happened in the world, it ended in Turkic people’s separation from one-another and weakened their positions. At the integrating process of big countries, there is a great need for unity of Turkic world in the spheres of culture, science, economy and politics.

TURKSOY (Joint Administration of Turkic Arts and Culture) is for instance, one of such organizations of Turkic countries which organized to protect, improve and preserve the common material and moral heritage of Turkic people. The headquarters of this international organization created by Azerbaijan, Uzbekistan, Kazakhstan, Turkey and Turkmenistan in 1993 is located in Ankara. However, the name of this organization was

changed to International Organization of Turkic Culture during XXVI meeting Ministries of Culture of Turkic countries in 2009.

The organization tries to fulfil various joint projects for developing and strengthening cooperation of Turkic countries in the field of art and culture: improve and propagate common moral values, historical heritage, cultural and art works, traditional sport and folk games of Turkic people; conduct festivals and competitions in the field of theatre, opera, music and ballet, open exhibitions. This organization creates mutual relations with international and national organizations, social groups and movements in the sphere of culture, art and education.

TURKSOY is also called as the UNESCO of Turkish speaking states. This organization realizes cooperation on culture and art of nations and states with Turkish culture and Islamic belonging. In the framework of TURKSOY, the member states conduct cultural and art events and other common events in each others' territories. The organization itself and its activities has brought Turkish world closer.

2000 was announced as “year of culture” by UNO, 2001 and in general first 10 years of XXI century was agreed to consider the years of dialogue of civilizations. As a part of civilizations’ dialog, because of wide range and selfless activities, provided attention to the children with special care needs, improving their lives and welfare, special attention to education and great support to the initiatives in Islamic world, Mrs. Mehriban Aliyeva was honored to be Goodwill Ambassador of ISESCO in 2006. (Казахстан и ТЮРКСОЙ, 2009)

It can not be denied the role of Media in terms of widening cultural relations of our country and promoting its cultural heritage. However, the activities of media representatives, ICTs and websites on this issue are still insufficient. The translation of literature of our cultural values into different foreign languages and their digitalization are very important.

Baku has recently hosted the World forum on Intercultural Dialogue as this initiative proposed by Azerbaijan and supported by UNESCO, UN Alliance of Civilizations, Council of Europe, North -South Center of the Council of Europe, ISESCO and the Euro-news. The forum puts an accent on the recognition of intercultural dialogue. It is one of the most pressing challenges of the world and it increasingly manifests itself on a global scale. It will provide an opportunity for the sharing of good practice and the launch of new initiatives. Intercultural dialogue had a universal character; this process has been a motivating factor for peace, cultural understanding and elimination of poverty.

Nowadays, the geographical outreach of cultural relations of Azerbaijan widens and adheres new forms. However, there are still much to be done to achieve greater recognition of Azerbaijan culture worldwide.

Still many states in the world know Azerbaijan because of its oil and Nagorno Karabakh conflict, and they are not aware of how rich and wide range of culture Azerbaijan has got. In best scenario, several cultural heritage belongings to our nation are accepted as common Islamic culture examples, and not objective information about the owner nation is disseminated to the world.

Unfortunately, our nearest and notorious neighbors, not limiting with the occupation our lands, also consider and announce that our several cultural monuments, music and lyrics are theirs. All above mentioned facts demand from Azerbaijan state, patriotic nation and public organizations to take on actions in terms of better promotion of national culture and to suggest world community and international entities, deeper understanding of national moral problems of our nation.

Today cultural-moral relations is becoming both the main sphere of International Relations and serves as the main factor providing the stability and security in the world, the solidarity between nations, and mutual confidence and trust. The expansion of international relations in cultural sphere gives an impetus for the sustainability in prosperity of nations and countries. Today the cultural relations of Azerbaijan are being expanded and getting new shade. Finally, Azerbaijani state, public organizations and each citizen should do



their bests for representing and enhancing our national culture all over the world.

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Negative Impacts of Tourism Development on Local People in Traditional Areas

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Abstract

This paper examines the negative impacts of tourism development on local people in traditional areas where tourism is being introduced as a new industry or where tourism is being expanded to the point that it creates opposition among the local people. A number of documented examples from various parts of the world discuss factors such as why tourism development was initiated, who made the decisions, which benefitted the most, why local people began to oppose it, and what the affects of their opposition were on the tourism development and on their community. Tourism is a leading economic engine for many countries around the world, and it can be an outstanding economic development option for many traditional areas. But it is not a panacea. Proper tourism development must be preceded by detailed policy and planning that includes the interests and input of all stakeholders, especially the local people. The Black and Caspian Seas region has many traditional areas with significant tourism potential. The purpose of this paper is to serve as a cautionary tale of tourism development that ignores or bypasses the best interests of the local people. It is written from this perspective and with this specific audience in mind.

I. Introduction

This paper examines the negative impacts of tourism development on local people in traditional areas where tourism is being introduced as a new industry or where existing tourism is being expanded to the point that it creates opposition among the local people.

There are many documented examples from various parts of the world that discuss factors, such as:

- Why tourism development was initiated.
- Who made the decisions.
- Who benefitted the most from tourism development.
- Why local people began to oppose tourism development.
- What the affects of their opposition were on the tourism development and on their community.

Tourism is a leading economic engine for many countries around the world, and it can be an outstanding economic development option for many traditional areas. But it is not a panacea. Like all forms of development, tourism has impacts, especially economic, socio-cultural, and environmental. Whether they are positive or negative impacts and whether they are major or minor impacts depends on many factors.

Proper tourism development begins with detailed policy and planning that includes the interests and input of all stakeholders, especially the local people.



The Southern Caucasus and other regions along the entire length of the Silk Road have many traditional areas that possess significant tourism potential. The purpose of this paper is to serve as a cautionary tale of tourism development that ignores or bypasses the best interests of the local people. It is written from this perspective and with this specific purpose in mind.

II. Tourism's Stakeholders

The tourism industry has many stakeholders. We can view it as a triangle. At the base of the triangle is the community, and on the two sides that meet at the top, are the government on one side and the tourism industry on the other. The community is at the bottom because its home is the destination, and it is their natural and cultural resources that the tourism industry is built upon. Therefore, it is the local people who feel the most impacts, both good and bad. The commonly-used term “community-based tourism” reflects this paradigm.

The government is on one side because tourism policy and planning begins with the government, and it creates the enabling legislation and controls the legal framework. The government is also the arbiter of conflicting interests for the use of resources. Its mission is to look after the best interests of all the people.

The tourism industry is on the other side because it will invest in the development of facilities and attractions, and it will manage and operate them. It will either make or lose money, and in the process, either makes the destination a tourism success or failure.

As the tourism industry blossoms and grows into a successful destination, it will create opportunities for the support businesses that supply it, such as food wholesalers, furniture stores, construction companies, and banks. When tourism grows, the entire economy grows. The old saying is: “A high tide lifts all boats.” And, when tourism does well in a destination, many other businesses will also prosper. Unfortunately, the same holds true for the opposite effect.

III. Why Develop Tourism?

The only reason to develop tourism anywhere in the world is to benefit the local people. That sounds simple and easy to do. But often, it is neither. When we develop tourism we create new destinations. Destinations are the places people visit for pleasure. They want to explore the area's natural and cultural attractions, engage in their favorite activities, enjoy some nightlife and entertainment, interact with the local people, or just simply relax. Some destinations attract primarily business travelers, but this paper will focus on those that appeal to pleasure travelers.

Developing a destination means that certain infrastructure must be put into place. Often that means improved roads, and utilities, such as electricity, water, sewage, and telecommunications, and maybe even a new or upgraded airport or seaport. Essential support services, such as police and fire protection and health care, must either be added or improved. To become a real destination, facilities and services must be provided from all four of the operational sectors of the tourism industry. Those are transportation, attractions, accommodations, and food service.

That's a lot of new business activity for a community to absorb. And, we haven't even added the tourists yet, and they may come from many cultures, with different behaviors and moral standards and different languages and religions, and, hopefully, also with lots of money to spend.

Tourism develops on its own wherever there is a market. But we study tourism, and we research it, to find the best ways to develop it to gain the benefits we are seeking in the most efficient and least costly manner. Normally, the primary benefit that communities are seeking is economic. And, tourism is the world's largest industry. It is the leading industry in many countries, both big and small, including island nations that do not have a viable base for manufacturing, agricultural exports, extractive industries, or high-end services, such as

banking and insurance. All that tourism requires is attractive natural and/or cultural resources that can be developed to appeal to tourists who have the time, money, and health to visit them.

IV. Who Develops Tourism?

So who develops tourism? Let's look at three basic possibilities: governments, entrepreneurs, and local people. This is basically the same triangle of stakeholders previously mentioned. As we discuss each one, let's keep in mind its specific motivations.

Governments at all levels are interested in tourism. Governments are acutely aware of the need to provide jobs and improve the income of their people. Governments also love to collect and spend tax money, and residents appreciate receiving more and better public services. Tourism is big business, so it generates large amounts of tax revenue. One of the most appealing features about tax revenue that is generated from tourism is that most of it is paid by tourists, who are non-residents, and also non-voters. Government officials like to report economic growth, especially when it takes place in previously under-developed or impoverished areas. Governments are usually responsible for large-scale planning, zoning and land use schemes, industry licensing and regulations, and the investment incentives necessary to lure outside money.

Tourism industry officials always look for new opportunities. They may also fund development or they may be brought into the plan for their expertise after investors have been identified. Government officials often rely on their tourism industry colleagues for guidance during the planning and development process. Tourism industry officials are often not from the immediate area of the proposed development. This means their interests are purely financial. They have no vested interest and no emotional attachment to the destination. If it has the potential to make money, they are interested. If it lacks potential, they lack interest. With a pure profit motive, they often view negative impacts as just one of the costs of doing business, and they factor them into the overall situation.

For local people, developing tourism means an opportunity to improve the economy of their community. It can mean more jobs, increased income, an easier and more certain way to make a living, and a sign of progress. Tourism can improve their quality of life. People who reside in the destination are known collectively as the host community, and if they are to actually play host to their visitors, they must also become involved in owning and managing tourism businesses, not just performing menial labor. Governments need to make sure that local people are also given investment incentives. Even on a small scale, such as opening a local tour company, serving as a tour guide, running a bed & breakfast, owning a restaurant, or being part of a crafts cooperative, locals should be given the appropriate support they will need to be successful.

V. No Benefits, No Support

For the local people, tourism development must be done properly. They cannot pull the plug and move on to another promising location. The destination being developed is their home. They stay put, and if tourism development is not successful, they will suffer the consequences while others are free to move on to greener pastures. For the local population, tourism must be developed in a way that embraces who they are and how they live. Many destinations are building their industry around their cultural and natural attributes and the meaningful involvement of local people from the initial conceptual stages all the way through to management and ownership.

Local people can deal with incremental change, but not the drastic changes that are sometimes introduced by big government and big business. As mentioned, all development creates change, especially tourism development. For the local people to benefit from tourism, meaning the better jobs, ownership of services and facilities, and leadership positions within the tourism industry, tourism must not develop at a faster pace than their ability to grow with it. Otherwise, they get left behind. Outsiders will control their industry, and they will be marginalized. Throughout the tourism development process, public hearings should



be held to explain the proposals in detail and get local opinions on them. Public awareness of tourism, along with tourism education and training that leads to good jobs, must be provided.

One of the biggest criticisms of tourism development is that most of the benefits go to outside investors. Investors obviously have a right to make money. That is why they invested in the local tourism industry. But the people who call the destination home must also receive substantial benefits. Too many times and too many places, it is announced that tourism has contributed millions of dollars to an economy, but local people look around and wonder who among them have experienced any direct benefits. They just notice that their community has become more crowded, more expensive, and less familiar. Hanks (2007) mentions this injustice in her article on The Nine Paradoxes of Modern Tourism.

VI. Affects on Tourism Industry

Eventually, some of the local people will begin to feel disaffected. They know what they have given up since tourism was developed, but they do not know what they have gained from it, although they know that some people have certainly benefitted. They not only do not support tourism, they begin to openly oppose it.

The tourism industry depends on local people for many things, including its work force, and tourism is a labor-intensive industry. If the pool of local applicants does not support tourism, then the industry is in trouble. It will either have disgruntled employees, who are not very hospitable, or they must attract new employees from elsewhere, and that would be costly and further antagonize the locals.

Since the local people are the host community, they are key ingredients in the ambiance and atmosphere required for a successful pleasure travel destination. They are a big part of what makes up the destination's sense of place and its sense of spirit. This is what differentiates one destination from another and makes each one special or unique. If the locals do not contribute substantially to this component of the destination's appeal, it will not exist on a personal level, and that is how human beings connect, one to another. Perhaps that is why the tourism industries on many islands are successful primarily as cruise stopovers for a few hours of port call, or they offer only enclave tourism, where tourists stay at resorts walled off from the locals and venture outside only on special tours or on their return trip to the airport.

The researcher, George Doxey, developed the Irritation Index, also known as the Irridex, to explain how local people go through stages of welcoming tourists when tourism is a new industry at a destination and the number of tourists, as well as their impact, is low, to Apathy as tourism becomes an established industry, and later to Annoyance, where locals begin to blame tourists for many of their community problems, and finally reaching Antagonism, where locals began to treat tourists with verbal or even physical abuse (Reisinger, 2009).

When the situation turns to Antagonism, it is obvious that there is a severe disconnect between the tourists and the host community. Perhaps this could have been avoided if the local people had been more involved in all phases of tourism development from the early stages of planning through to the present day management and operations. Once the Irridex has reached the Antagonism stage, the tourism industry begins to suffer substantially, and drastic steps must be taken to revitalize it from the grassroots upward.

This coincides with the Decline stage of the Tourist Area Life Cycle developed by the researcher, Richard Butler. In the Decline stage the destination has lost its appeal, and it is losing its market share (Butler, 2006). Now it must hurry up and reinvent itself, or it will only survive by offering the lowest rates and accepting any type of tourist behavior.

VII. Examples of Opposition to Tourism Development

There are many examples of destinations that have fought off tourism development or mounted opposition as it continues to grow and negatively impacts the local people. Sometimes the opposition is quite demonstrative, and other times it is subtle and simmers just below the surface. Following are six examples

from six destinations that are available on the Internet: three posted on YouTube.com, followed three from print sources.

1. The Spanish island of Mallorca is a popular destination for these types of studies, so here are three web addresses that detail how tourism has changed Mallorca into a mass tourism destination, destroyed local agriculture, and left villages devoid of their traditional culture.

<http://www.youtube.com/watch?v=8-nQuh1Ojdl&feature=related>

<http://www.youtube.com/watch?v=Dwo7xsVpiNc&feature=related>

<http://www.youtube.com/watch?v=zDwzsCGCKH8>

2. Next is a 2003 documentary from Mexico, entitled “Tourism in Cancun: Success or Disaster?”

<http://www.youtube.com/watch?v=ipUfil8pU-Y>

3. Jamaica is a popular island destination in the Caribbean. But who is its tourism industry really benefitting? Check out this web site and the video below for a scathing expose.

<http://web.mac.com/vagabondmedia1/iWeb/Jamaicaforsale.net/About%20the%20film.html>

<http://www.youtube.com/watch?v=oUDE1qLdaKM>

4. “Goa under Siege” tells the story of how mass tourism development has created negative economic and socio-cultural impacts for the indigenous population of this former Portuguese enclave located on India’s Arabian Sea coast.

http://www.youtube.com/watch?v=EPpzKc7_sf4

5. “Hawaii locals say tourists make lousy neighbors” reveals how the proliferation of unlicensed short-term house rentals and B&Bs has ruined the peace and quiet of residential neighborhoods.

<http://www.msnbc.msn.com/id/23448422/ns/travel-news/t/hawaii-locals-say-tourists-make-lousy-neighbors/>

6. “Death of Venice? Tourists pour in as residents head out” describes the plight of locals who can no longer afford to live in a city that is overrun by tourists.

<http://www.nytimes.com/2006/09/29/world/europe/29iht-venice.2983287.html>

7. “Barcelona rebels against tourist invasion” reports resident’s complaints about overcrowding and public nudity.

<http://www.guardian.co.uk/world/2010/jun/13/barcelona-rebels-against-tourist-invasion>

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CHAPTER 5

EDUCATION, DEVELOPMENT OF EDUCATION, GLOBALIZATION IN EDUCATION



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Dilemma's History Education at the Beginning of XXI Century

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This caption represents the paraphrase of a famous sintagm that belongs to Guizot and is adapted to our study. The history of education has nowadays a paradoxical status. It is formally considered by the academic history as a research area that does not have either a specific approach, its own paradigm or a scheme characteristic to education sciences. From a traditional point of view, the epistemological legitimacy of the education sciences (especially that of pedagogy) is one of the aims of this scientific effort. Obviously, the educational function of the history of education and/or pedagogy for the initial teachers training process is not missing. The dispute between modernism – postmodernism in the historiographic area is not taken into consideration by the history of education or pedagogy writers.

A relevant example is the introduction of "The History of Education in Antiquity", in which the purpose of historical researches during this period is described, this purpose being applied to almost all historical writings. "Our study does not have only one aim, that is to learn to know each other better, making us aware of our origins...the fecundity of the historical knowledge results from the dialogue between That and The Other. We became quite different from our parents because their education took the form of The Other: a lot of things that do not correspond to our practices or aspirations can surprise us in a positive manner.

The informed reader will be able to meditate upon our assertion"¹. In this way, the theme of dialogue – or alterity – established by The Annales School in the general history studies is introduced in the history of education studies.

The historical writings have their own history. From Thucydides, Herodotus or Ibn Kaldun to numerous doctrines and orientations in the historiographic area, there has been many changes that influenced the scientific history of education. The case of Ibn-Kaldun (1332-1406) is relevant: he is the first historian who improved the reflection about specific educational themes (regional inequalities and their origin, the professionalization of teaching function). Later on, after almost five centuries, G. Monod and K. Pomian thought that the social changes were too rapid to avoid a new attitude towards the past that could contribute to this accelerated pace. In this sense, Monod stated that the past must be studied and perceived as different from the present, this being possible by detachment from the analysed events. In turn, at that time, Pomian analysed the historiographical changes, emphasizing the transition from an immediate knowledge, in which the historians recorded the information, accepting an eye witness testimony or the orally transmitted stories to a knowledge in which the historian, based on historical evidence, wanted to become independent. In essence, the intelligible is not visible right away.

All these facts are accompanied by transformations of time representation. The oldest conception about cyclicity, made the historian look for present similar patterns. By contrast, the new time representation based on the linear and cumulative conception, raised new problems in terms of a method or techniques

suitable for a new theoretical construction. The notion of a linear and cumulative history introduced the idea of progress which governed the human activities in the 18th century. Between 1776 and 1788 the English historian Edward Gibbon wrote "The History of the Decline and Fall of the Roman Empire", a very important book at that time. The Antiquity was not that world closed to a golden age anymore but it continued beyond its end and in this way the ancients joined the moderns driven by the idea of progress. The sense of continuity was embodied in an acute sense of similarity between epochs. Referring to the object of our study, Fustel de Coulanges said: "Our educational system, which sends us among the Greeks and Romans even from our childhood, makes us compare and judge their history according to ours, explain our revolutions using theirs. Their legacy makes us believe that we are alike; it is hard somehow to perceive them as foreign peoples; in them we almost always see us".²

It is necessary to look back at the past, due to the rapid transformation of all the living conditions that has taken place in the recent decades. The decline of Europe caused by demographic, cultural and economic factors determined some reorientations in history studies. The field of research has enlarged and a new set of research tools was created. There are various objects of research and historical sources (fiscal registers, textbooks and documents, the teacher's status, the emergence of universities, significant breaches in the development of educational institutions etc). Jacques Le Goff, one of the famous French historians, wrote a synthesis study that included many of the aspects mentioned above. He states that in Abelard epoch the schools were "like workshops which exported the ideas", having multiple missions but isolating the idea according to which "a person is taught in school to defend against the opponents' insidious attacks"³, with reference to Hermann Dalmatin's letter.

The academic corporations, the moral and religious environment which dominated the academic community, the scholasticism, seen as a method, all these are points of interest for the French historian. The breaches are also very important in this new approach of the history of education in the Middle Ages. In this respect, the gap between science and education that took place at the end of this period is eloquent. When the humanists lose contact with the masses and the thinking spread is characterised by a decreasing trend, this gap appears. The image of the "medieval intellectual, embodied by the teacher, surrounded by pupils and beleaguered by desks and crowded auditorium" is also changing. The humanist has become "the solitary scholar who sits comfortable and quietly in the middle of his large furnished study room"⁴. Besides the novelty of this approach, Le Goff acknowledges in his work, the presence of new research orientations in education, emphasizing the processuality of a new socio-professional category (academics) and new educational institutions (university). Furthermore, new pieces of information are added to the works about the education in the past, explaining the connections between the academic environment and the political power, or the "high politics", as the author himself names it. "The urban and erudite intellectual of the Middle Ages disappears, being meant to govern a Christianity in decline"⁵.

At a closer and more careful analysis, this diverse issue becomes dominant on a global scale, at least for the second half of the 20th century. This is proved in a comprehensive study written by Antoine Leon "The History of Education Today" published by UNESCO in 1985 from which we select some essential aspects. An important movement of ideas manifested in the 60s of the 20th century. According to W.W. Brickman, in USA, this period was characterised by two phenomena: a slight decrease in historical contradictions and the growing importance of the discipline in the teacher training programs⁶. At the same time, the presence of a radical movement was felt during this period. This movement of ideas had modernist roots and was related to the fact that the development of the public education, far from contributing to the development of the quality of the American democracy, represented an instrument of control and domination for the middle classes and elites benefit. For almost three decades, J.D. Wilson analysed in a case study the connection⁷ between the education development and the current problems. Comparing his three books about the history of education in Canada written in 1957, 1970 and 1975, the author made a few valuable and important assertions. While the first one

had relevant features of the egalitarian and democratic spirit under the auspices of the conflict between "the good reformers" and "bad reformers", thirteen years later, Wilson quoted a research paper in which the history of education was connected with the social history, promoting the theories of the previously criticized conservators.⁸

In USA, the term "human" history is synonym with the revisionism movement for which teaching was a substitute for family, church, community and traditional institutions. On the other hand, the school became responsible for maintaining the national cohesion, the social order and stability. Lawrence Cremin, making reference to the purposes of the history of education, disapproved the conservative character of the educational reform, emphasizing the uncertain connections between education, political relations and social structures. After analysing the school functions, the author formulated a serie of precise questions about students' selection, the number of new classrooms, schools and universities and last but not least, about the individual and collective effects of education.⁹

One of the main contributions of the "new history " is the inversion of the chronological framework that was frequently used by historians and the fact that it brought back to the public opinion attention a period which had not been valued for some time: for instance, the literacy was considered an organized process in the 19th century; nowadays, the history of education sends us back to the 16th century, when the church and local community played an improtant role in this process. The historians' interests take into consideration the traditional themes and the conclusions of the "Nouvelle Histoire" representatives are not entirely new. Thus, in the History of Pedagogy published by Gabriel Compayre in 1866, he considered that the mission of science in this context should encompass the whole field of intellectual and moral culture at all times and from all countries. A contemporary phychologist claimed the existance of an "ambiguous mixture between education, the cultural environment, race or customs, social condition, religious and political institutions". The school rule, denied by revisionists and the new school partisans, is subject to a postrevisionist reexamination. In this respective, C.J. Lucas advocated for an impartial opinion, between the revisionist cinism and the optimism of those who considered school an instrument in the development of American democracy that cannot be replaced. In another chapter of his book, Lucas denounced the "presenteeism" from the revisionists papers which were translated with indended similarities between very distant periods of time; using the past in order to defend the modern causes etc.¹⁰ M. Greene also considered that the image created by the revisionists to represent the negative meaning of "the social control inviolability" reflected on passive individual characters" was exaggerated. In order to exemplify, he brings into discussion one of the fundamental paradoxes of the educational action: to create his identity, an individual needs a framework and a proof of the social control existance. Under different conditions, this would mean to meet the demands of society and the desire of the self to be independent and the only solution for educating the individual would be to accept a simultaneous conflict between these two forces, a conflict that puts in contrast and at the same time connects them both.¹¹

First of all, the revisionists' methodology has some weak points: they underestimate the importance of erudition, do not apply the rules specific to historiography and make baseless generalizations. The author intensely criticized the pseudo-historians who drew conclusions based on prejudices, ignoring the rules specific to documentary research.¹²

Given the evolution of the American educational historiography, the experts think that the "revolution" of the 60s was too weak to change the historical approaches. The international competitive environment that was to follow and the need to improve the educational policies led to the emergence of new theories about history. In essence, it is about projecting the current issues into the past, seen as a cooperation between the educational and "scientific and social" historians. New approaches to the historiography of education demonstrate that people were ready to make some changes during the slack period of the 1960s. We can include here the works of the Belgian historian, Henri Pirenne. An expert on economy, the social and

demographic history of the Middle Ages, Pirenne was also interested in the history of education. The Annales School, founded in 1929 by Lucien Febvre and Marc Bloch was the main source of historiographical renewal.

In 1970s, many French historians sought inspiration in a movement called "the new history", movement that summarized the trends in the recent decades. In essence, it aimed at broadening the historian's scope of interest, heading towards the total history (social, psychological, educational etc.), a trend initiated by Fabvre; the trend towards a thematic history that would replace the narrative history ascends, reversing the order of research: the historian had to study the object of research before starting to collect and analyze the data; unconventional evidence such as oral reports, auditory and visual recordings, documents that had as source the imagination were expanded and extended.

In France, after R. Chartier, it emerged a new history of education, signaling the movement towards the institutional, ideological and monographic historiography which was based on a different approach that undertook the historians and sociologists' common efforts.

The analysis of the relations that established the connections between the educational institutions and the structure of the society, led to the emergence of new topics subject to debate: the students' state of mind during the studies, the success rate of the professional qualification process and the social mobility.

Gaston Mialaret's work "Histoire mondiale de l'education" is one of the most relevant examples in the educational environment that stands for the renewal of the historical science. In the fragment previous to the chapter about Reform and education, it is stated that: "the artificial and conventional part related to the historical time is significant only if it deals with chronological facts, but it will be used according to the determinant factors of the history"¹³. A significant change of opinion is traced in a paper written by the same author, Gaston Mialaret, after almost 15 years.

On the 50th anniversary of the launch of Langevin-Wallon plan (June 1947), a reform project of the French educational system, the historian stated in a retrospective approach: the reform project was a tremendous paradox "considering the short time in which it was compiled and the fact that the country was in a reconstruction period, supervised by a society never willing to educate in order to develop practical skills". It is a paradox that "generally influences the major pedagogical doctrines - as Durkheim also admitted - because they impose ideas, have an impact on mentalities, create beliefs, mould spirits and force the social recognition. But at the same time, we must not miss - though Durkheim and Bourdieu thought that we might - the measures imposed in a coherent and systematic manner."¹⁴

In fact, this approach was imposed as long as "a large number of textbooks contain the chapter dedicated to the history of discipline after its scientific character, objectives and methodes were emphasized. Thus, this history is not very useful for laying the basis of this discipline."¹⁵

Given the above mentioned ideas, at this stage of the historical science development in the educational environment, some assertions can be made. The first one is rooted in Antoine Prost famous statement that "we do not make institutional history because it would be useless, as this history had already been made in a very good way"¹⁶.

By broadening the research area, founding and assuming new functions of the institutional history, the idea of the institutional history futility was induced. These "challenges" raise a few questions such as: is it dangerous or useless to study the history of education? Under the current conditions and in a dynamic context, aren't we at the risk of taking some inefficient solutions influenced by the past?

The history of education in the contemporary epoch is "not only a school of wisdom but also of optimism - to the extend that the educational institutions progress results from their study - the unyieldingness of the individuals or groups to find new solutions when facing challenges similar to the current ones."¹⁷. Depending on these questions, a scientific program was designed, this being divided into a few stages,

as follows:

To provide historical documentations that will monitor the transformations in different educational institutions over a period of time; To research the reasons of these developments and to assess the role played by different sciences and also of pedagogy which is and has been inextricably linked to this matter;

To inventarize the various practical (pedagogical) models designed according to the dominant ideologies or the disciplines involved; To outline the future of education in relation to the validated historical achievements;

It of ideas in education. permanent

To explain the current educational crisis and to design some desirable schemes/projects for the next period (in the short, medium and long run)¹⁸ obvious that the general trends of the contemporary movement is relation to general history are not found in the history of The plausible explanations could be found, especially in the need to exploit only the educational function of the general history and, in particular, the history of education. The above mention statement about the educational phenomenon is even more sustainable if we look over the goals encountered in the majority of Romanian historical writings about the educational phenomenon.

In the opening chapter of one of his books, I.Găvănescul stated that: " For a science to be understood, we have to know its history, the moments it went through, all the circumstances that determined the human spirit to act in its benefit"¹⁹.

In the same context, Găvănescul also underlined the "practical importance" of the pedagogy history that "serves as an inhibitive remedy in its tendency to believe that newest is better. It moderates the tendency towards those innovations, reforms and regenerations inspired especially from the life and the endeavours of other countries. It shows us how and to what extent the plausible combinations of theory are applicable, what are the circumstances in which the institutions arise and live and which is their organic connection with the entire cultural life of the age and of the country." This long quote excerpted from the work of the great educator reflects exactly the function given to the history of pedagogy during the age: the right measure in the application of the pedagogical innovations considering the expansion of the pedagogical initiatives during that period. Almost all the great Romanian educators followed this trend, the result of their work being massive and illuminating volumes on the education facts and their chronology, the personalities or education institutions which in the meantime became an inspiration source strictly necessary for any specialist who wants to initiate into the field or to go deeply into a research. The role of such a history is a passive one, in other words intended for the collection, verification and classification of information about a long gone world, rediscovered and transformed into a veritable museum. The events that disrupted country's political, social and cultural life during the inter-war period determined the overcoming of this level of the education's historiography.

It is obvious that the issues regarding the functions of the historiography of education circumscribe to the above mentioned general picture. In addition to the cognitive function, history's educational function was approached by the historians of the educational process. Unfortunately, in our opinion, the history of education, a well-delimited cognitive space in the historiographical picture, is deprived of a complex theoretical reflection in relation to the above mentioned ideatic dynamics. The study of the education's past is found in a particular posture which confers a series of advantages and a high degree of immobilism deriving from the fact that it is part of the whole which is History, dominated by the modernist – postmodernist dispute and also part of the Education Sciences, a space where pedagogy has priority being dominated by the philosophical and actional discourse. In this bipolarity we find the source of the high degree of conservatism of the education historians who, for the most part, continue the traditional and factual approach of the education facts with direct consequences on the determination of some specific functions. Subjected to some double

requirements, the history of education presents today the picture of some science with functions limited to the explanation of the pedagogy from an epistemological point of view or to the role of regulatory norm, by exemplarity, for the pedagogical innovations that are implemented in the education process of the young generation. Therefore, we tend to reiterate Pascal's thesis according to which the history of sciences, hence the history of education involuntarily takes a strange role: "During a couple of centuries, sciences were thorny and imperfect. The futility dominating them, with few connections and correspondences between them, took long time to only learn things not relating with spirit, justice and clarity...."²⁰

As for the predictive function of the history, it is necessary to mention some preliminary definitions. First of all, it is worth mentioning the fact that the prevision focuses on the causal connections on which this rational operation is based. The prevision is obstinately assimilated to the prediction, a concept that brings into discussion the irrational element which, according to the Romanian historical thinking, it totally lacks.

Along with positivism, all sciences take, as an essential attribute, a predictive function, according to Auguste Comte's enunciation: "Science, d'ou prevoyance; prevoyance d'ou action". Beside the fact that the statute of the historical science does not change if the prediction is not achieved, Comte's assertion has been contradicted by Fernand Braudel: "We notice today that no social science, including history, is not prophetic and therefore, according to the old rules of the game, none of them wouldn't have had the right to be called science".²¹ As much as a science of change, "history also presents elements if not permanent then at least sustainable ... certain reiterations if not similar then at least following the great lines of development. Analyzing how yesterday is different from the day before yesterday and why it finds in this contiguity the means to envisage in what sense tomorrow is opposite to yesterday." Although it cannot predict specific facts due to the unique and non-recurring nature of the historical fact, on one side, and the inherent presence of contingency in its genesis, on the other side, history, through its universalization, provides guidance as much as valid as useful for the future action."²²

In the economy of our study, we retained some ideas with a conclusion value aiming at a balanced position of one of the best experts of the modernist-postmodernist dispute, Jorn Rusen. "Postmodernism means that we have abandoned the forms of self understanding and historical identification of our own life, of our own social, political, economical and cultural situation which were dominant until now as a clear reflex of the modernity crisis"²³. This is the explanation that the above mentioned author offers following a careful analysis of the actual historiographical field.

First of all, the radical concepts specific to the postmodernist discourse are rejected. The classical example that the author uses in order to sustain his position is the famous expression of Fukuyama, the "end of history". "The generalization of the western liberal system does not mean the end of the history if we take into consideration only the fact that the disputes between north and south and west and east can be settled as long as the western system changes qualitatively, this change being historical in its essence."²⁴

Considering the functions of history, it is clear to everyone that the human beings need specific forms of orientation for their practical life in temporal patterns. "This cultural orientation is achieved through historical narration".²⁵ Moreover, the postmodernist review of history must be taken seriously to the extent it is led against an ideological generalization which greatly happened starting with enlightenment and up to present. However, considering the acceptance of many histories "we need an idea of historical experience unity",²⁶ in order to avoid a complete relativism." Therefore, it is necessary to have historical categories established through logical reasoning and a history concept that responds to the unifying world's concrete experience; to emphasize micro history in a macro historical world is a nonsense."²⁷

Within the variety of historical perspectives „a unit of history can be obtained only through universal values in the methodical operation of the historical interpretation by a central system of values that claims the differences between cultures."²⁸



The macro-micro history synthesis can be achieved. "A demonstrative micro history must refer to the macrohistorical conditions of the subject or otherwise it tends to de-historize itself."²⁹

As concerns the factual quality of history supported by modernism, the counterfactual possibilities are historically interpreted. "The conceptualization of the historical data conferring to the past the quality of empirical argument and the conceptualization of the historical perspectives conferring to the past the quality to have significance and sense for us in the present world."³⁰ Therefore, for the historical data, it is necessary to extend our concept of sources criticism in order to avoid the way in which we understand the reality of the men from the past. As for the construction of the interpretative historical perspectives where the information acquires the form of a story with sense and significance, the concept of counterfactual possibilities must be accepted and used; it transcends the evolution of the life phenomena from the past towards those from the present; in every moment of the past, there is a fragment of future that needs to be achieved through memory.

Regarding the historical method, the new strategies of hermeneutics are accepted. The new value of the human subjectivity is accepted in the interpretation of the past by transforming the hermeneutics into a structural process. Thus, the "thick description" is not – according to the author – a demonstrative strategy as any "thick description" contains a hidden theory. On the other hand, an efficient strategy regarding history looks like a "hermeneutics that uses the cognitive means of theory"³⁴

In conclusion, one can claim that the modernist historical studies are guided by a conception about rationality, about reason and method being bound by domination and power. The postmodernist orientation insists on the aesthetic quality of the historical celebration, the synthesis between reason and imagination, the practical orientation and the aesthetic fascination being possible only by eliminating the technological mean of the word reason, as well as its impact aiming at domination by means of history, understanding and cognition.

Notes

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3. Jacques Le Goff, *Intelectualii în Evul Mediu*, Meridiane, vol.I, București 1994,p.78
4. Ibidem, p.175
5. Ibidem, p.18
6. W.W. Brickman, *Theoretical and critical perspectives on educations history*, în "pedagogica historica", Ghent, Belgia, vol. XVIII, nr. 1, 1978, p. 42.
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10. C. J Lucas, *Schoolind in American Life:in Search of a Post-revizionist Interpretation*, "Journal of Thought", VOL. Xvi, NR. 10, 1975, P. 284.
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12. Ibidem, p.10
13. Gaston Mialaret et Jean Vial, *Histoire mondiale de l' education*, Paris, p . 193
14. Gaston Mialaret, *Le Plan Langeuin - Wallon*, Presses Universitaires de France, Paris, 1997, p. 115
15. M. A. Pereyra, *La comparacion, unna empresa razonada de analisis. Por otros usos de la comparacion*, în " Los usos de la comparacion en Ciencias Sociales y en Education", număr special al "RE", Madrid, 1989, p. 23
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18. Pierre Caspard, op. cit., p.12
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20. De completat Apud E.H. Carr, *What is History?*, New York, Vintage Books, 1961, p.87
21. Fernand Braudel, *Ecrits sur l'histoire*, Paris, Falmarion, 1969, p. 20
22. Marc Bloch, *L'etrange defaite*, Paris, 1946, p.127
- A. Pop, *op.cit.*, p.177
23. Jorn Rusen, *Studiile istorice între modernitate și postmodernitate*, în "Litere, Arte, Idei", Supliment cultural Cotidianul, nr.35(216), anul V, 18 septembrie 1995, p.2.
24. *Ibidem*, p.3
25. Jorn Rusen, *op.cit.*, p.2.
26. *Idem*
27. *Idem*
28. Jorn Rusen, *op.cit.*, p.4 32
29. *Idem*
30. *Idem*

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Education in the Era of Globalization

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Abstract

Over the last ten years a number of contradictions arose in educational systems, which were mentioned and stated in Report of the International Education Committee for XXI century called "Education: concealed treasure". As far as stated contradictions have become a subject matter of large-scale international consent, the necessity of their settlement on the international and national level appears as a form of determination of modern education system content and arrangement. This involves: First, contradictions between global and local education systems, solution of which allows becoming of cosmopolitan, without losing own roots, serve to active participation in life of its nation. Second are contradictions between versatility and distinctiveness of present-day education. Third are contradictions between existing education traditions and their current trends. The fourth is the contradiction between long-term and short-term objectives of educational attainment. The pointed contradiction is everlasting, like dynamism, flexibility and variability of the educational process. Fifthly, it is the contradiction between spirituality and education essence and material aspect as means of its provision. On the one hand, mankind needs ideals and moral values, upgrading spirituality and culture level.

Formation of personality in XXI century - the epoch of electronic communication development and computer automation – has become a universal challenge of paramount importance. For solution of such a problem the society has to upgrade economics, policy, culture, spirituality, and, naturally, new educational system.

Mankind existence conditions in XXI century require moving to a new society development strategy on basis of knowledge, advanced education system, suitable for this purpose, information and high technology. Therefore, its formation is one of the topmost aspects of worldwide social development. Settlement of this issue - isn't a spontaneous process, but socially determined and controlled phenomenon, the primary role wherein belongs to the government, its legislative authority, executive and judicial authorities.

Modern education system is characterized by typical problems, which, in the opinion of international experts, are of high priority. They involve the whole complex of issues, which upgrade present-day education, develop it up to modern standard requirements, problems, born by bottom-line education orientation in prejudice of personality development, problems, which arise as a result of insufficient education availability for great masses of population.

As far as noted problems have a systematic nature, then their solution is possible via means, generally valid and of nationwide nature. It is a question of the influence upon educational system of such social power, as political power in all its forms - governmental, civil, social, and political. If we remember that special target area (education system) dictates and predetermines equally specific influence, then the item of education

system management, the necessity of real educational policy formation becomes clear.

Unfortunately, connection between educational status and nation well-being standard, the possibility of its further socio-economic development currently is realized not by everybody, nor to the full extent. Insufficient care towards education in many countries of world community proves it. The tendency of government role weakening in determination of the content, forms and realization of needs in education sphere causes particular conferment.

Insufficient level of educational system funding becomes a direct cause, which deepens socioeconomic crisis, worsens even without that disastrous state of people. Millions of children, thrown into the streets as a consequence of social crisis, join the ranks of criminal environment - source of social and political instability. Spirituality, education and culture - the topmost constituents of present-day governments' national safety, fall down.

Over the last ten years a number of contradictions arose in educational systems, which were mentioned and stated in the Report of the International Education Committee for XXI century called “Education: concealed treasure”. As far as stated contradictions have become a subject matter of large-scale international consent, the necessity of their settlement on the international and national level appears as a form of determination of modern education system content and arrangement.

This involves, primarily, the following contradictions:

1) Contradictions between global and local education systems, solution of which allows becoming of cosmopolitan, without losing own roots, serve to active participation in life of its nation.

2) Contradictions between versatility and distinctiveness of present-day education. Correlation between versatility and distinctiveness of present-day education technologies and systems is achieved by various means, principal of which are: “Rational definition of government intervention limits in the sphere of education, in accordance with authorized and socially significant standard”; “Assured and truly exercisable right of personality to select form and the content of education in accordance with its reasons and abilities”; “Compliance with the requirements of Universal Declaration of Human Rights in sphere of education; realization of availability, openness and publicity principles in arrangement and performance of national educational system, etc”.

3) Contradictions between existing education traditions and their current trends. Adaptation of education to new terms and reality should not involve tearing-off roots, from existing cultural and educational norms and ideals. In the given terms there is stated rather high degree of developed educational system conservatism and necessity of careful interference in their updating and particularly in reforming. Under the assumption of above mentioned, there should be noted the importance of this contradiction solution in countries with transient conditions of social development, with critical and conflict circumstances, with initial period of statehood formation and advance. Such conditions generally involve reforming not only socio-economic system, but also foundation of new educational system and upbringing. Relationship of traditions and innovations within transition governments quite differs relative to stable developing countries. Change of educational process trends, peculiar to transition social systems, require radically new educational policy from the government. The fact should be considered, that education system stability and balance are inevitably violated.

4) The contradiction between long-term and short-term objectives of educational attainment. Strategic, long-term objectives and tasks of education are always realized in government's educational policy principles, education system operation principles, and legal acts of educational process control. Generally they manifest themselves in so-called concept of continuous education, component parts of which are short-term forms of educational process. Contradictions between long-term and short-term objectives of education are



solved through updating of governmental educational policy, adaptive management of the educational system, variety of educational process entities and their ability adequately respond to current situation variation. The pointed contradiction is everlasting, like dynamism, flexibility and variability of the educational process.

5) It is the contradiction between the necessity of contest and conation to equal opportunity of the personality in the course of knowledge, skills and ability acquirement. As applied to education, rather obvious is the conclusion that education concept should be renewed and brought in balance with today standards. Thesis "education for term of life" is presently out-of-date. It should be changed onto: education throughout life", "education as way of life".

6) It is the contradiction between unprecedented advance of knowledge and possibility of its acquirement by a man. Priorities of basic schooling elements' keeping represent comprehensive basis of governmental educational policy, the sphere, specified, kept unchanged and defended exactly due to government intervention in educational system.

Professional directivity causes concern of free and self-selection of a personality, its initiatives, which are guaranteed by international and national legislations.

7) Seventhly, it is the contradiction between spirituality and education essence and material aspect as means of its provision. On the one hand, mankind needs ideals and moral values, upgrading spirituality and culture level. The noble task, solved by education, is connected with awakening of national-patriotic and international mind in every man, up to realization of large-scale world versatility.

Analysis of higher education system state at the Republic of Azerbaijan over ten years of self-dependence allowed highlighting the following peculiarities:

"Institutional structure, program and forms of education have completely diversified, there has been implemented a university educational scheme. «Governmental education sector and private education sector have intensively been developed. An educational service market has developed in republic, where governmental and private higher education establishments operate on equal terms. An educational service market, like any other market, develops in accordance with competition law. Generally, higher education reform, held in Azerbaijan, led to such positive results, like:

- a) " higher education democratization and start-up of decentralizing control process;
- b) " foundation of new legislative and regulatory framework;
- c) " diversification of network and structure of higher education establishments;
- d) " development and introduction of new government standards for higher education;
- e) " switch to many-level education system.

Alongside with pointed advances in formation of educational policy, there should also be noted problems in higher education system. .

1. From the first days of independence of Azerbaijan two alternatives were denoted for state policy in the sphere of higher education: either country makes education the highest advance priority, by all means keeping its level and education "pulls out" economics, or education is leveled due to economic opportunities. Though the first alternative was declared, at least, within first years of self-dependence there was realized the second one.

2. Within the system of high professional development, breakup in cooperation of Institutions of Higher Education with academic science sector, production and experimental capabilities increases, this leads to loss of quality of academic activity and practical training of future specialists.

3. There is observed lack of proper teaching conditions in non-state Institutions of Higher Education,

which degrade teaching and training of specialists. Trend of a number of Institutions of Higher Education towards purely financial problems no more assures quality of higher educational practice, although comply with teachers' vital interests. The above mentioned refers not only to private Institutions of Higher Education, but also to state ones.

4. While college-bred personnel training «unprofitable specialties» are removed, in particular, natural-science and technology directions, without which scientific and technical development of society is impossible.

5. In professional development system the required attention is not paid to work skills education and their upgrading. There are no sufficient investigations of this aspect, providing flexibility, upgrading and efficiency of educational process, passing of necessary know-how, considering requirements of varying labor market.

6. Socioeconomic situation in republic aggravated a problem of teen-agers and youth. Unemployment, forced dependency results in social and labor degradation of this category population. And as a result - crime wave among teen-agers and youth, facts of alcoholism, the drug habit, prostitution and others negative developments.

7. The problem consists in fact, that while division of labour and specification of social functions, presently reserved to various departments in educational system, the most important link between overall education strategy and tactics of its execution often falls out.

8. Availability of doubling in training of personnel on a number of specialties, inefficient utilization of professional, financial-economic and material and technical potential of Higher Education Institutions, directivity on preparation of narrow-purpose specialists, neither actual nor competitive on the labour market, which ultimately do not provide high quality of higher education in the country.

These shortcomings determined the necessity of optimization process development and innovation of higher education establishments' network, which hold a prominent place in educational policy today. So, there is set a course for formation of multiple-discipline classic type universities on basis of integration and joining of branch and regional higher education establishments or reorganization of pedagogic and Technical Institutes into universities.

On the other hand, in higher education system of Azerbaijan, to our opinion, today we observe explicit, but many-valued contradictory tendencies: «The number of students, trained at the expense of republic budget means, steadily decreases, but the total number of student grows at the expense of increase of students' share, trained for a fee. «Steadily decreases share of Gross Domestic Product in the country, spent on higher education, while expenses of people for higher education acquisition increase.

All the indicated aspects and contradictions in republican higher education system determine, primarily, shortcomings or absence of funding. In the system of higher education there is a firm principle of two-way training costs funding: at the expense of republican budget means and at the expense of people's expenses. It should be noted, if the government does not work for the solution of these problems and contradictions in educational system, entropy may increase, and lead to inconvertible and destructive processes.

Currently, when about twenty years has passed since declaration of democratic development targets in Azerbaijan, it has become clear that the transition period for the republic passes into separate economic and social system of long-term prospect. To such a conclusion induce circumstances, uniqueness of which is typical exactly for Azerbaijan. First, Azerbaijan today – is a new geopolitical formation, national interests of which are yet expected to enter into existing international and regional geopolitical centre of forces, contention and influence.

Second, Azerbaijan has too many so-called transition lines, the principal of which are: transition to new statehood; transition to new political system; formation of civil society in its classic understanding. Democratization of educational system in the republic has been already identified, but, we think, it to a large degree carries managerial nature. The success of education system upgrading to a large extent depends on how people understand and correctly evaluate their rights and duties as citizens of the democratic society. Desire towards freedom can be inborn, but practice of democracy is necessary to be studied. As the evidence of educational system democratization may serve a new model formation government order for training of specialists in Institutions of Higher Education of the Republic of Azerbaijan. Democratic selection of future specialty, selection of Higher Education Institution is the positive development of democratization.

Currently separate items of educational institution control process decentralization appear in republic. However, decentralization will not automatically make control process more democratic. Actually, separate educational institutions' administrators still act due to authoritarian methods. At the same time, decentralization, at least, will create the opportunity for distribution of power and responsibility, introduction of more democratic forms of management, active participation of the society.

The analysis of abovementioned led to some conclusions.

1. Higher education system in Azerbaijan held out against challenges of transition period. Intellectual potential has been preserved.
2. Adaptation to market environment was realized. Non-state higher education sector has been formed.
3. Legal acts, focused on further development of higher education system, are adopted.
4. Integration of science and education is realized.
5. There is no effective planning system of specialists training according to need of economics, social sphere and social life of the country.

Shaping Secure Education Policy: Challenges of Multiculturalism in Georgia

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Abstract

Equality and multiculturalism in education are the most crucial problems in democratic countries. Georgia, a multinational country, faces number of challenges offered by democratization and globalization. The results of these processes are to be measured in the long run for society as a whole, but the disruptions come immediately for some individuals or group of individuals who acknowledge the harm they get from the change. A certain mismatch between the long-term opportunities and rapid changes demanded by globalization often triggers unreasonable compromises in politics and social spheres. The present article deals with one of the most complicated issues of today - developing prudent national education policy which will best suit to the needs of multinational country like Georgia at the same time, it will secure country's political stability, integrity, and guarantee its independent, sustainable development. In shaping education policy Georgian Government has to deal with the problem of existence of minority language instruction schools (Russian, Armenian, Azeri), particularly in the regions where national minorities reside.

Multiculturalism in education is one of the most crucial problems in democratic countries. Georgia is a multinational country and its school system should respond to the needs of wide diversity of cultural, ethnic, religious, and socioeconomic groups. The present article deals with one of the most complicated issues of today – development of prudent national education policy which will best suit to its present needs; at the same time, the policy should secure country's political stability and sustainable development. In shaping education policy Georgian Government has to deal with a number of problems, among them:

- Providing equal opportunities for the national minority high school graduates in terms of further education access and employment;
- Implementing Georgian National Curriculum in minority schools;
- Offering multicultural education for culturally pluralistic schools;
- Enhancing quality of teaching in schools of national minorities and improving teaching of Georgian language;
- Ensuring the process of integration and socialization of minorities in the mainstream culture.

The above stated problems should be effectively responded by the Georgian government in the shortest period of time. The existed situation calls for grass root changes in education policy of Georgia.

The problem of education of national minorities should be considered in connection with the issues it is closely associated with, such as, historical development of the country, current demands of European Union, security of the country, human rights, education equity, and other. Considering the significance of the problem,



we hope to motivate and provoke a wide circle of scientists and education specialists to get involved in discussion around the problem. A comprehensive study of the problem will endorse working out a rational and reasonable attitude towards the issue under consideration. The present paper addresses existed problems in minority education, gives a historical brief overview of the problem, and makes an attempt to suggest multicultural secondary education model for Georgian schools of ethnic minorities which will be in accordance with the basic liberal values of the western society. It will support the unity, integrity and further democratic development of the country and ensure equal education and personal advancement opportunity to each individual regardless of race and ethnicity.

Georgia, a multinational country, nowadays faces a number of challenges in the result of crucial processes, such as democratization, globalization, a shift to western political and socio-cultural values, a change of lingua franca – from Russian to English, and other. A certain mismatch between the long-term opportunities and rapid changes demanded by Georgian reality and globalization often trigger unreasonable compromises in politics. Multiethnic society seems to be even more vulnerable to political, social and economic changes. State education policy towards minorities in particular should be exclusively prudent so that it should guarantee country's independent and sustainable development.

More than thirty nationalities have enjoyed peaceful coexistence on the territory of Georgia for centuries developing common culture and traditions. Heavy nationalism has always been alien to Georgian people, and yet it had to encounter solemn problems in the recent historical past. The roots of the problems can be found in the Soviet ethnic policy which was controversial and bore a dual character: on the one hand it claimed to be based on equality, granting to the nations the right of self-determination, but on the other hand, it originated potentially conflicting zones on the territories of the republics. So called “brother republics” played their roles under close supervision of an “elder brother” – Russia. USSR ethnic policy served as a powerful weapon in the hands of soviet regime to keep under control political unity of the country. Soviet policy gave right to minorities to have communication, education and broadcasting network in the languages of minorities, or in case they chose so, in Russian. In the result, independent Georgia inherited ethnic population groups in compact settlements talking their native languages, and state secondary schools using national minority languages, or both – Russian and native as the language of instruction. Manifestation of the above-mentioned policies today is a concentration of national minorities, particularly Azeris (6,5%) and Armenians (5,7%) along the borders with their kin states (Armenians in Samtskhe-Javakheti and Azeris in Kvemo Kartli). Azeris make up to 83% of the population in Marneuli district and over 66% in both Bolnisi and Dmanisi. Armenians make up 94% and 95% of the population in the districts of Akhalkalaki and Ninotsminda respectively. This raises the problem of Georgia's territorial integrity, a subject of great concern. The remaining 4% of national minorities is made up of smaller groups, including Abkhaz, Ossetians, Russians, Ukrainians, Kurds/ Yezids, Greeks, etc. (Transparency International Georgia, 2007).

During Eduard Shevardnadze's presidency (1995-2003), the state policy toward national minorities actually was not changed. Governed by the local authorities who were loyal to the president Shevardnadze the minorities' problems remained unchanged; consequently, they have become more complicated. Minority schools continued education process in their native languages, and those who wish to continue with higher education could enter the Georgian universities - Russian language department, or went abroad, mostly to kin states and Russia to continue education in the Universities. So, one of the reasons why national minorities have been leaving the country was (and remains till present) poor knowledge of Georgian language which is an obstacle for national minority school graduates to continue education in Georgian universities.

The situation changed when Mikheil Saakashvili became the president in 2003 and new government was formed. Civic nationalism has become a dominant policy, and consequently more interest has been allotted to the problems of minorities. It has been declared many times that the minorities should be incorporated in the mainstream culture without losing their national identity. The Office on Civil Integration

was created alongside with other specialized institutions dealing with minority problems. Insufficiency of Georgian language teachers, and consequently poor knowledge of Georgian language among the students, the quality of education in minority-language-instruction schools and significant differences in the school curriculum still remain as one of the major obstacles to their integration into Georgian society. At present, Russian, Azeri and Armenian secondary schools use their national languages, or both – Russian and native as the language of instruction; moreover, the text-books are mostly received from their kin states. The existing situation is certainly a challenge for national education system, and country's national security as well. Minorities feel alienated from mainstream culture because of absence of common language. Russian language has been largely replaced by English, as a second language, referred by the Ministry of Education of Georgia as “Language Revolution”, in April 2011. Empirical research should investigate how these processes affect both: minorities and Georgians who are now experiencing a loss of Russian language which used to be a common language - Lingua Franca- during the last century.

For the last decade Georgian Government has been struggling to overcome Soviet inheritance both in the system and in mentality and to find its own way for effective change of education system in order to be in line with the countries it ultimately sees its future with. “Georgia has recognized the international principles and best practices regarding the policy towards national minorities and the need for their integration. The country is a signatory to the Council of Europe Framework Convention for the Protection of National Minorities (FCNM) and takes note of most international instruments and recommendations on the subject of minority rights. However, the country has not ratified other important conventions, notably the European Charter for Regional and Minority Languages. Taking note of the fact that effective protection of rights of minorities at times substantially differs from the general protection of human rights, the EU-Georgia ENP Action Plan specifically addresses this issue. Chapter 4.1.1 calls on Georgia to “ensure respect for rights of persons belonging to national minorities; to sign and ratify European Charter for Regional and Minority Languages” and “develop and implement a civic integration strategy, including creation of appropriate monitoring instruments.” In spite of these international commitments, the government has not addressed the issue in a coherent and consistent manner..... because the commitment of ratifying and enforcing the European Charter for Regional or Minority Languages is largely seen as a threat to national unity and is dismissed both by the government and opposition representatives alike” (Transparency International Georgia, 2007). Today, integration of national minorities in the mainstream and ending mutual isolation is the country's top priority.

Education reform initiated by Saakashvili's government started with the introduction of the new Unified National Exam (UNE) for university admission to combat corruption deeply rooted in this sphere. One of the requirements of Universal National Exams for university admission is that a student has to pass an exam in Georgian language, which often appears another barrier for majority of the national minority students who wish to continue education in universities. Georgian language is obligatory for minority language schools, but teaching practices do not meet national standards. Though there has been many arguments regarding the discriminatory nature of the Georgian language test for national minorities, The Ministry of Education and Science refuses either to change its policy, or implement any positive discrimination towards minorities. The only option for the national minority students is to get private tutors not only in Georgian language, but now also in other school subjects as well to pass National Exams for Secondary School Attestation. On the one hand, the rights of minorities have been violated, but on the other hand, the present policy, which is in the process of development, ultimately leads to their further integration into the mainstream ensuring equal rights for them.

Another factor that impedes minority access to higher educational institutions is that practically Russian language departments have been eliminated from Georgian university departments. Only few colleges like Institute of Aviation in Tbilisi, Marine Institute in Batumi have Russian programs. Therefore, a student's choice is limited to the institutions which offer courses in English; but those are mainly private institutions and tuition fee is much higher than in the state ones. In the interview with the head of NGO “National Minorities'



Parents Organization”, a disappointment regarding their children's integration and equal opportunities has been clearly stated.

The issue under consideration also incorporates the principles of equal opportunities and human rights. Ministry of Education and Science of Georgia is responsible for providing equal education opportunities for the citizens of the country regardless of their ethnicity, gender, social status. Recently, a revamped National Curricula has been worked out by the Ministry and will be step by step implemented across the country, though; national minority schools face even more serious problems in this process because their curriculum and the contents of the social science courses particularly are mostly focused on the kin state rather than Georgia. A site visit to Tbilisi state school # 43 revealed many interesting facts. They receive the text-books either via Russian Embassy (before 2008), or use old soviet period text-books, particularly in math and science. Simon Janashia, professor at Ilia University, asserts that teaching of any subject on national minority language is not adequate and the state reforms regarding text-books and teaching methodology totally avoids those schools. Some text-books in math, history and other subjects have been translated from Georgian language, moreover a few text-books have been offered in two languages which stand beyond any criticism. There is a significant difference in the contents between Russian, Armenian, Azeri and Georgian text –books, they are largely simplified and ultimately do not meet GNE or school attestation state exam requirements. In public schools there is also a tendency to discriminate students according to their knowledge of Georgian language, and in the result, within one school walls students are assigned to different classes – Georgian and non-Georgian and are offered different curriculum, quality of teaching and Georgian language learning opportunities.

Evidently, a series of changes should take place from both – state bodies and national minority school administration to promote integration of minorities into the mainstream culture.

Education is a vast topic and it encompasses the population of all ages. The lack of Georgian language knowledge affects citizens of different age groups who try to have career promotion, get integrated into the mainstream culture, and establish intercultural relationships. In the result, Armenian and Azeri are largely used instead of Georgian as the working language even in government institutions. It has long been evident that different programs which would promote socialization of the young population from minority populated regions would be implemented. A number of such projects, including Georgian language training programs, inter-group socialization, Georgian teachers training programs, Georgian Public Broadcasting news program in five minority languages, and some other ones have been initiated by the government for the last decade. These initiatives aim at strengthening human interaction to a certain extent, but certainly they only succeeded to address particular problems, but not the global ones. Besides, it should be taken into consideration that to achieve genuine integration of national minorities, Georgian language teaching enhancement, or Georgian culture implementation processes alone won't meet this end, instead, it is necessary to think how to attain a two way effective communication, how to support minority culture, encourage minority languages preservation, develop respect and interest towards minority culture. The most effective way to implement the abovementioned is through secondary multicultural education.

Inequality in education, a rather controversial political and socioeconomic issue, is hotly debated by both – government and people in Georgia. Disparity in educational opportunities between different social groups affects sustainable development of the country and is a main impetus to creating free, knowledgeable civic society which will give new dimensions to building democracy in the country. Free Internet access and multiple education software programs now play the most powerful role in achieving equity in education. Existing socio-economic differences among classes are reflected in the quality of school education. National minorities and lower class population suffer even more in the twenty-first century from social disparity and educational inequity. While the government claims that allowing equal opportunities for all, it does not provide the older generation, which is already disadvantaged by the old system, adequate resources to catch up with

the majority population and compete on equal ground. It should be noted that they are parents of a young generation and are supposed to play a very significant role in the upbringing of their children. The starting conditions may be better now for the generation of national minorities that is just now starting school, but those caught in between, i.e. those already in the upper grades of public school, young adults, and older people remain deprived. Unfortunately, the latter group constitutes the majority of the national minority population. (Transparency International Georgia, 2007)

Time-proven international practice of minorities' integration into the mainstream culture is through and/or bilingual education. In many countries, and particularly in the USA, multicultural education appears to be the most constructive and positive way of addressing the problem of multiculturalism effectively. The US rich experience should be shared, and the models which are so popular in America today could be successfully targeted to the present needs of Georgia. The problem of multiculturalism has been addressed in different ways in different countries, some very successful approaches are: dual language instruction, transitional programs, immersion programs, multicultural curriculum, and other. So far, the Ministry of Education has made some ineffective attempts to introduce bilingual text-books, severely criticized by the teachers and parents alike. A few years ago twenty bilingual classes were operating in Kvemo Kartli. “This experiment was started at the schools' own initiative¹ and the Ministry so far has no intention to extend this experience nationwide or contribute to its implementation in interested schools.” (Transparency International Georgia, 2007).

Today government programs address social needs and primarily allocate resources to deal with inequalities that arise from class, status, and ethnic differences. It has both – political and financial resources for social redistribution. Providing equal education opportunities is an indispensable part of sustainable democratic development. Integration of Georgia in European Union is one of the main destinations for our country. But this aim will not be achieved unless we meet the demands put forward by international community. Currently, the government is planning to introduce crucial changes in secondary education policies of minorities, for example, enhance Georgian language teaching, and implement new National Curriculum in order to meet EU requirements.

Will the present policy promote, for example, multicultural studies, or will it enhance Georgian language curriculum in minority schools? It is obvious that the new education policy is destined to implement rather crucial changes in all directions, and particularly in education of minorities. In the result of my observation I have identified that a new policy is more pro “integration” than in favor of multiculturalism, which, as an ideology has been disregarded lately by many countries, including the UK, as well as by many education specialists.

Considering present political situation in the country, I would support multicultural education model for the nearest foreseen future; though, my idea about further development of Georgian education policy for national minorities definitely differs from ideology of multiculturalism as a political ideology. The term “minority” itself literally means that you do not belong to a larger, stronger, dominant group, which in that particular country defines the policy and dictates the rules. I have been observing and studying the minorities' attitude, particularly of adults, regarding their nationality, language of education, and have come to the conclusion that young generation strives to achieve equality in all spheres. They definitely try to join and become an organic part of the dominant culture. I hope the Government will do its best to change the situation; and this change starts from school. Mainstream culture is becoming more attractive from many perspectives for minority adults, and consequently, I hope that a new ideology of minority's integration will gain strong support in the next decades among wide society. This tendency also well suits to the globalization process, which like “natural disasters” seems inevitable, but still less vulnerable in case prudent crisis management policies are worked out.

The model I am going to offer for consideration is a combination of already proven practices world-



wide, but still it should be adopted and targeted to the local environment. In grades 1-6 the education should be bilingual, in grades 7-9 social sciences text-books, especially in history and geography of Georgia, also Georgian language and literature text-books should be the same in terms of contents as it is in other Georgian state schools. On this stage the school board, teacher-parents association should play important role. And a high school program school education should be offered in Georgian language. To implement this policy it is necessary that the Government support it by offering training programs, stimulating teachers to study both languages and have training in bilingual and multicultural class teaching, youth socializing projects, and others.

Complex study of the problem will give due assessment to current situation, reveal negative aspects of minority language schools, and draw a line between false understanding of tolerance and real care for the well-being of each citizen of Georgia. Introduction of new curriculum is not an only solution to the existed problem. The government should be focused on multicultural education perspectives, promotion of dual language instruction in the elementary and secondary schools, and would probably support Georgian language instruction in high school. It is also necessary to change school infrastructure and management strategy to achieve the goal, e.g. school boards should be created in the minority schools, also teacher-parent associations should play a significant role in the process. We make a particular emphasis on the necessity for having cultural diversity among the administration, faculty, and minority school personnel that reflects the composition of the school and community. To achieve this end it is necessary to make this communication a two-way. Active involvement of the minorities in the government projects, special training programs offered to the local population, parents and teachers support to school reforms are necessary.

President of Georgia often refers to the problem of multiculturalism. Georgia is a place where interests of multiethnic society interact, enriching each-other and living in peace. I had meetings with minority community representatives who gave an interesting insight into the problem. Azeri community leaders assert that different nationalities leaving side by side enrich each-others cultures. Traditions which do not respond to a new century demands die out, and only those which are in line with progress, human rights, moral and ethical norms will survive. Jewish Diaspora members say that Jewish people's assimilation with Georgians has always been a very exceptional phenomenon. Jewish people never felt alien in Georgia, even picked an accent of the region where they reside, and Jewish language was predominantly religious language for these people.

While working on the above-mentioned issues in Georgia for a period of time I have faced a number of problems: a. Lack of resources; b. Deficiency of experts who are competent in the field and would contribute significantly to its revision; c. lack of reliable study results and recent statistics. To fill his gap, I consider it reasonable to develop a new study-course in multicultural education at our newly established department of Pedagogy and English Language Teaching, International Black Sea University. The aim of the course is to investigate the nature of multiculturalism with particular emphasis on examining contemporary standards and institutions for protecting the rights of persons belonging to national minorities. The course will also study multicultural education models practiced in different countries, particularly in the USA, European Union, and Israel. The course will give attention to the ethno-linguistic, social, economic, and political nuances of nations and will be in accordance with the basic liberal values. The university course will built a solid basis for further studies in multicultural education; also, it is the best way to disseminate the outcomes of the scientific approaches round the issue carried out by the university scholars and the students. Being a member of IBSU staff I am actively involved in curriculum development process. In order to respond effectively to the needs of Georgian education system we should develop university curriculum in education, offer new study courses and training programs, invite professional experts and create resource center.

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Educational Psychology as a Science of Education

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Abstract

In this study we try to demonstrate that educational psychology can be constructed as a pedagogical science, integrated in the field of science education belonging to science education or science teacher. The expression "science education", well-known in literature in Britain and the U.S., is equivalent to "pedagogical science" used in other cultural spaces (Germany, Russia, Belgium, Spain, Italy).

We believe that our approach is necessary because most studies and books within the field treat, appreciate, educational psychology only a psychological science. This situation demonstrates that research in educational psychology is initiated, developed and finalized from a predominantly or exclusively psychological perspective. The trend is valid when the investigations are carried out by teachers.

To support our thesis we will consider the following objectives:

1. Specify the fundamental distinction between educational psychology and psychological science psychology treated as a science education or science teacher education.

2. Presentation of educational psychology and works can be classified into one of the two directions of the epistemological approach.

3. Advancing our own model as the basis for works conceived as a science teacher education psychology (education), built interdisciplinary from a methodological point of view.

Educational Psychology - Psychological science or science teaching?

To highlight the difference between the psychology of education - science and psychological psychology of education - teaching science we consider the type of interdisciplinarity promoted. Based on this criterion, we identify two different ways of constructing the scientific discourse located under the same title - the psychology of education. Thus, we can explain an apparent paradox, often ignored or neglected in pedagogical and psychological theory and practice. We envisage that in the same way we meet an educational psychology or science teaching (education).

The difference between the two types of psychology of education is generated by the main line of epistemological construction and purpose of research. Otherwise, links and interdependencies between the two types of approaches are inevitable and often beneficial. On the other hand, assuming a pedagogical point of view predominantly psychological generates negative interference in both the theoretical and methodological as well as the educational and social practice.

To operate a distinction between two types of psychologies in education we will resort to the

distinction which some theorists of /0} compared pedagogy and of general pedagogy, educational sciences between authentic and false science of education (JLG Garrido, 1995, S. Cristea, 2010). In line with these approaches, authentic science education are those that are based on epistemological and methodological pedagogy, including interdisciplinary construction. Recourse to the knowledge and methodologies from other areas, however close to pedagogy (philosophy, sociology, psychology, economics, etc.) are aimed at supporting, learning, development, explaining issues of pedagogy.

Fake educational sciences are based on a different social science. To the extent that their numbers are growing, they are characterized as "uneducated... mini-sciences of education ..." (C. Birzea, 1995). They are constructed by applying the "mother of science" (philosophy, psychology, sociology, etc..) to education. The resulting epistemological structures make up the field of the "mother science", not that of pedagogy. For example: education philosophy is a philosophical science if it represents applications of philosophy to education, sociology of education is a sociological science if it represents applications of the sociology of education, economics of education is an economic science if it represents only applications of economics in education, psychology of education is a psychological science only if it represents applications of psychology to education.

Educational Psychology built as genuine science of education as far as pedagogy is based. It appeals to many concepts and methodologies of psychology that it uses specifically to extend certain theoretical and practical dimensions of education, of training, the predominant teaching perspective and pedagogical priority.

This kind of educational psychology exploits more specific concepts and methodologies of psychology. For example, it uses psychological stadiality to distinguish the student's teaching ability from the active factor of education, the potential subject of education in different school stages.

In general, educational psychology with a pedagogic basis, or even approached as a pedagogic science (of education) recovers in particular:

a) Theory of psychological human development, used to deepen the problem of mental stadiality, the relationship between domestic conditions - external, of heredity - environment - education, considered in light of their formative functions above;

b) psychological theories of learning used in general didactics, as a training resource type for conditioning models (Skinner, Gagne), constructivist type (Piaget, Vîgotski Bruner integrator), type (Bloom, Ausubel) or Type particular (Gardner / multiple intelligences theory, Goleman / emotional intelligence theory);

c) psychological theory of human personality, used to deepen the problem of the teacher's status and role, for understanding the specific of each school age, to analyze the complex relationship between teacher and student, between teacher and classroom, the students inside the classroom, etc..

d) success in school psychological theory used to understand the relationship between internal and external factors dependent on the student, and external factors, , family, local community, educational community, the quality of instruction in the context of education.

A distinct trend is generated by the relations between psychology of education and the latest science of education (theory of curriculum, teaching communication theory, epistemology of education curriculum psychology, sociology, of curriculum, curriculum management, education policy, planning, education). In this open methodology circuit, psychology, of education and technology will use the concepts stated at the border between pedagogy and other humanities growing in the social sciences in the information society based on knowledge. In particular they will appeal to the concepts and methodologies developed by sciences of education at the border with sociological sciences, communication sciences, political sciences, economics situated in the area of management.

At this level research in educational psychology is focused on one set of problems that marks the postmodern pedagogy of affirmation:

- a) curriculum design of education, training, permanent professional training and (see psychological foundations of the curriculum);
- b) effective teaching methods of communication;
- c) by managing the classroom;
- d) recovery of positive formative educational climate (the educational community, the school, classroom);
- e) the psychological foundation of education policy decisions (in the cognitive and noncognitive plan);
- f) The epistemic foundation of language teaching.

Contributions in psychology of education

Most of the works dealing with psychology of education, presented under different names are placed in the psychological sciences.

The general issue of educational psychology is that it is complementary to psychology of development. Their synthesis is tested under the formula of "educational psychology" used from the 1980s to the present. Thus, "educational psychology of personality psychological closely examines the psychological particularities of the teacher and the student as subjects interacting in the context of the educational process." In essence, this psychological science clarifies psychological foundations of education and training "(I. Radu, coord., Psychology education and development, RSR Academy Publishing House, Bucharest, 1983)

Educational Psychology is identified within some branches of applied psychology at the intersection of the results within general psychology and pedagogical science. It is located adjacent to the school psychology, special psycho-pedagogy, psychology, school guidance and counseling (see M. Zlate, 2000, p.59).

Confirms the status of school psychology courses psychology of education "branch of psychology" studying: a) the laws of mental and psychosocial activities for students throughout the various stages of development, b) psychological foundations of training and education, c) psychological foundations of the teaching methods, viewed as "action methods", d) teacher-student relationship in different situations and extra staff. The pedagogical focus surfaces at the level of:

- 1) Mission of the discipline - the training of future teachers; opening up horizons of modern education.
- 2) The structure of the discipline - a) Purpose and problematics, b) human psychological development, c) human learning; d) Specific forms of learning, e) personality and its knowledge; f) Class school as a psychosocial group, g) pedagogical issues of school and professional orientation (see P. Popescu-Neveanu M. Zlate T. Cretu, edited, 1987).

Note the pedagogical approach applied to the analysis of psychological problems with open content:

- A) development – training relation (which emphasizes the role of primary education according to Vîgotski's conception);
- 2) complex development (cognitive, and noncognitive (affective, motivational, of personality);
- 3) reporting to the upper structures of the personality - ability, character, creativity;
- 4) recovery of learning inside the human psyche, that leverages fundamental human mental activity: a) cognitive processes - emotional - volitional, b) the general features of personality and character of particular skills, c) motivational resources and attention skills, d) potential other activities (play, work and creation) amid

higher recovery of language functions (knowledge, communication, self-control).

School psychology courses published after 1990, expanding the subject of research in a vision open to a multitude of problems: a) characterization of school ages, b) the personality of pupils at school, c) role of skills, d) methods of knowledge; e) teaching and learning theories; f) creativity, g) thinking and its role in schools and outside school; h) teaching communication i) learning motivation, j) psychosocial dimension of learning k) psychosocial perspective, the teacher (see A. Cosmovici L. James, coord., 1999).

"Educational Psychology" is defined in the narrow sense as a discipline that "studies the genesis, structure and psychic phenomena in terms of learning activities to increase their efficiency" (P. Golu, I. Golu, 2003, p.27). The core of the book is centered on three key processes in interdependent:

- 1) The training - based on methods, techniques, management styles;
- 2) Process learning - based on the application of psychological study learning styles and principles;
- 3) Development process - based on common traits recovery (state) and individual (the individual personalities).

"Tetrad training - education - learning - development" promotes a particular kind of interdisciplinarity with emphasis on the psychological side. In this sense: the training "means the transmission of information communication, education marks a process of" influencing, humanization, guidance, modeling the child's personality "learning aims" acquire experience "development reinforces learning experiences" qualitative structure of personality "that lead to cognitive independence, transfer capacity, reflexivity (ibid., p.18).

This approach is typical of educational psychology, developed in psychological science. On the other hand its fate is formative, but only limited of the area studied teaching. Thus, educational psychology / education "is based on teaching, learning objectives in language translation seeks psychological. It deals with knowledge that is taught, which form content as elements of the work training and skills that pricerile and actions "(ibid., p.28).

Pedagogical dictionaries suggest, naturally, a different approach to educational psychology at least at the level of formula adopted. Thus, in the Dictionary of pedagogy (1979, p. 381) is made to distinguish between educational psychology - psychology of school- pscopedagogy. In our study the definition of pedagogical psychology "an interdisciplinary science that studies the psyche in pedagogical perspective " to solve a series of specific problems (foundation of the teaching methods, school and professional orientation, individualization of training, identification of special casual).

A French pedagogical dictionary in the 1990s, defines educational psychology as " education science " studying psychological foundations of: a) learning (in the context of education and extracurricular) b) work performed by "actors education", c) teacher relationship - student, teacher - educational community, student - student etc. (Dictionnaire de pedagogy, 1996, 104).

In another dictionary of pedagogy, educational psychology, is defined as "the science of education" which examines pedagogical perspective, especially learning and education characteristics of actors (teacher and student) in the formative context (education, training, etc..) - see S. Cristea, 2000, p.320.

Finally, we point out that there are dictionaries of pedagogy that consider educational psychology as psychology science and psychology dictionaries that define psychology as a science of education. In the vision of a dictionary of German pedagogy, in the 1990s, translated by Polirom, psychology education is part of "psychological field dealing with the application of psychological theories to the field of teaching with the points of interest: the analysis of learning deficiencies, development and verification concepts of learning and teaching, optimizer learning process "(H. Schaub, KG Zenke, 2001, p.235).

On the other hand in a dictionary of psychology published in Romania in 1970s, educational psychology



is defined as pedagogical psychology. It aims to ensure "to use a scientific psychology theoretical knowledge to solving practical problems " in education and training field. (P.Popescu-Neveanu, 1978, p.577-578).

Line of development of education psychology and currently ranges between predominant psychological approach and pedagogical attempt fructification. The need for pedagogy autonomy is exacerbated by the fact that "psychology is still a young science that has its assets sufficeinte still pretty interesting theories and results in education." Excesses resulting from the application of psychological theories, explaining this situation, even recognized by the experts in the field of educational psychology. They evoke two important examples of educational psychology which is addressing only of the application of educational psychology:

a) "skinnerian drift" from the 1950s when "scientific revolution of higher education was the application of laws compliance tested on rats and pigeons;

b) piagetian enthusiasm " from the 1970-1980s, when it felt that" learning activity depends exclusively on the logical structures of intelligence ", thesis subsequently contradicted sociocultural constructivist theory, inspired by the work of Vîgotski.

Finally, we point out that the epistemological status of educational psychology and their specific language reflects the advantages and limitations of a broad interdisciplinary openness. We reproduce the definitions proposed in this literature as "a modern analytical perspective:

1) "a productive synthesis that brings science concepts (...) determinants of psychology and" education";

2) "a field of applications of psychology to education studying the requirements for effectiveness of the formative subjects, learning processes, learning and assessment;

3) study the genesis of human mental structures and functions processuality in the specific activities of formal and nonformal education and training;

4) the overall results of the investigation of science education, regardless of age "(Guilemard)

5) "The scientific application of psychological principles to education, pursuing the primary objective understanding and improving education, focusing on examinations of: a) learning in the context of training, b) the optimization of learning technologies, c) differentiation of learning, d) students' knowledge in context institutional e) the development stage of formal, informal and non (APA - American Psychological Association) - see I. Neacsu, 2010, p.20-21.

Educational Psychology. A model of pedagogical view

The model we propose has been tested in several situations and extra staff - the teaching of psychology course at a formal level of education (the university) and non-formal (in the university TV "Romania of Tomorrow").It has also been developed in educational psychology book entitled, "The modular design - the student's psychological development, academic learning, success / failure of the school, the personality of the teacher and the students` classroom" (G. Cristea, 2003).

Continuity line model is given by pedagogical perspective assumed during the five previously mentioned modules.It is opened by a preliminary way, what is important "specific educational psychology in the context of psychological sciences and science education."The object of study is to analyze the concepts, methodologies and psychological theories in a regulatory perspective, necessary to improve education and training activities within the educational system and process. Fundamental psychological concepts are interpreted and used in the formative effect.

General characteristics of psychological development, viewed from the side perspective emphasizes

teaching psychosocial personality development concentrated in stadiality. Knowing each stage of development is the fundamental premise for the design of the education and training.

The dynamics of mental development seen from the pedagogical view is concentrated in the relationship between heredity - environment - education. Against this background must be considered "at stadial psychosocial development: a) psihogenetics stadiality (such as cognitive and moral), b) psychodynamic stadiality (see picture stages, with pedagogical implications explicit and implicit).

School learning involves consideration of the evidence base neurodynamics pedagogical perspective and types, shapes and levels of expression in social and educational context.

Dynamics of school learning as psychosocial activity requires an understanding of actions and operations that contribute to a final order of teaching. Educational level, learning objectives should be interpreted as an action subject to training, with teaching and assessment activities. On the other hand psychological theories of learning should be pedagogically exploited as models of normative and prescriptive training, as requested by J. Bruner (1970).

Success / failure of school teaching should be defined as operational concepts, determined by four factors: biological, psychological, social and pedagogical. They are involved in the necessary correlation between teacher and student. It noted the importance of psychological cognitive factors, but also the social and noncognitive factors (reported in reference community). Pedagogical factors, dependent on the teacher are focused curriculum design capacity of the education / training.

Student and teacher personality analyzed pedagogical perspective involves a "structural-systemic approach" (overall size - private - concrete, temperament - skills - character - creativity). Knowledge and fully capitalize on the student's personality (through various instruments) is the premise of individualization of education / training and pedagogical competence of the teacher sample ("the effective personality").

Psychosocial classroom as a group, made in school organization, leverages the proposed aims of the educational process. Constitute the background correlation psychosocial teacher - pupil level is improved "education group" by capitalizing on group dynamics, analyzed by means of operational concepts (role, status, leadership / formal and informal). Own classroom dynamics, requires the use of all resources existing in the relations between individuals formative teachers - pupils, students - students.

As a final conclusion, we are defining a concise definition suggested by D.P. Ausubel proposing a line of research of interdisciplinary between pedagogy and psychology. Educational psychology is a sub-branch of pedagogical theory (our emphasis). Its mission is empirical and logical statement between the variables in the educational environment and behavior acts reflected in the aims of school, of education and training generally and particularly. The variables of the education environment are psychological (mental skills, motivation for learning, the teacher's cognitive resources; the dependent variables of the education process, especially related to the teachers are pedagogical. They are employed in designing and the achieving training activity in the classroom context, of the school organization, of educational community (see D.P. Ausubel; F.G. Robinson, 1981, p 26-31).

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Creating a Safe Classroom Environment

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Abstract

Safe classroom environment is a precondition of good teaching. Today it has become rather difficult as it involves more and more aspects. Social justice, feeling that success in school/university leads to employment, ability to solve not only educational, but also life problems, avoiding gender and other kinds of discrimination, teacher attention not only to most talented students, responsibility for taking timely measures against alcoholism, drug addiction, child abuse, etc. – this is a far from complete list of problems that school teachers and university lecturers have to deal with. Changing of the family model also contributes to risk factors in education. Teacher/student relation type is another important component providing student security.

Introduction

Our children's safety is the most (together with their health) important thing for all people. As children spend about half of active time at school, children's safety and security is something that worries us all. However, it is not the goal of my paper to speak about guards who should not let total strangers into school buildings, floors which should not be slippery, corners that should not be sharp, etc. These issues are very important, but have nothing to do with educational science. I will speak about psychological security of children in class which is essential for child's personal development and education.

Factors providing a safe classroom environment

What kind of classroom environment is safe? What factors influence it? What can help a student feel in class like at home and not in a stressful place which it, unfortunately, often is?

I believe these factors are:

- Type of relations that exist between teacher and students and between students
- Teacher attention to all students, not only to most talented ones, as, unfortunately, often happens today
- Support of students' desire to learn, experiment, express opinion, solve problems, etc.
- Justice in grades, praise and punishment, correspondingly no favoritism and discrimination based on ethnic origin, gender, culture, social class etc.
- Patience/tolerance towards errors and lack of comprehension
- Feeling that success in school/university leads to something more lasting, such as future employment



- Emphasis on gaining knowledge and not on grades, certificates, etc. (internal versus external motivation, formative vs. summative assessment).

- Involving students in cognition as an enjoyable activity which can fill the emptiness much better than drugs and alcohol.

Teacher/student relations

Let us view each factor in more detail. Teacher/student relations, analogously to parent/child relations, can develop in the following styles:

- Authoritarian
- Authoritative
- Permissive
- Uninvolved.

Transforming Eggen and Kauck's (2004, Chapter 3. p. 78-113) table, I received characteristics which develop in a student as result of certain type of relationships with a teacher.

Teacher/student relations styles and patterns of personal development

Interaction style	teacher characteristics	student characteristics
authoritative	are firm but caring, explain reasons for rules, and are consistent; have high expectations , create conditions for student self-realization	has high self-esteem, is confident , resilient and secure, is willing to take risks and is successful at school, is a divergent thinker
authoritarian	stress student conformity; stress convergent thinking (answer offered by the teacher is the only true answer) are detached, don't explain rules, do not encourage verbal give-and-take, have high demands	are withdrawn, worry more about pleasing teacher than solving problems; lack social skills
permissive	give children total freedom, have limited expectations and make few demands on children	are immature, impulsive, and unmotivated; lack self-control
uninvolved	have little interest in their child's life; hold few expectations	lack self-control and long-term goals, are easily frustrated and disobedient

Authoritative teachers tend to support students in their endeavour, risk-taking, even when it produces mistakes. Thinking and seeking for strategies is essential for them. That is why their students are resilient, they keep trying till they find the right solution. This idea is also supported by Expectancy x Value theory (Atkinson, Feather, 1966), which suggests that people are motivated to engage in an activity to the extent that they expect to succeed times the value they place on the success (i.e. if they expect to succeed and value the success, they are motivated to engage in activity). Expectancy x Value theory would explain why many students with a history of low achievement handicap themselves by not trying.

Besides relation style, caring (most often demonstrated by authoritative teachers and never demonstrated by uninvolved ones) matters. Caring refers to a teacher's ability to empathize with and invest in the protection and development of young people. Although the ways to communicate caring are individual, there are two most common ways: giving time and showing respect.

Teacher's expectations for a student – whether high or low – can serve as a self-fulfilling prophecy (Wilkins, 1976), a phenomenon in which a person tends to perform in certain ways that result from and confirm beliefs about the person's abilities (if a teacher demonstrates to the learner that he / she views him / her as a clever / stupid one, this may finally become true).

Equitable distribution is a questioning strategy in which all students in a class are called on as equally as possible. Students are not books or movies which we may read or not read, watch or not watch, according to our taste and prejudices, they are all talented in their own way people, and they should feel that teacher attitude is like parent's attitude: there are no “good” or “bad” children, they are all ours and beloved.

Student/student relations

As students spend time in classrooms, they get feelings about whether or not the classroom is a desirable place for them to learn. The feelings evoked by the classroom environment create the classroom climate. In a “healthy” or “warm” climate, teacher and classroom characteristics promote students' feelings of safety and security, together with a sense of success, challenge, and understanding. Teacher also supports cooperative relationships between students, s/he stops efforts of mocking each other's mistakes, pulling the blanket (provides equity in calling up students), etc.

Teacher sets the tone for order and safety by modeling respect and courtesy (s/he should be this model: treat students with respect and courtesy, then students will treat each other and the teacher the same way). Students who are criticized for venturing personal or creative thoughts about a topic will not feel safe – and will be unlikely to take the risk a second time. Thus, an authoritative (or just a wise teacher) will always let students make mistakes if this way finally brings to new findings.

Fairness, equity, absence of bias and favouritism, etc.

Assessments that students view as punitive detract from intrinsic motivation, whereas assessments that provide information about increasing competence can stimulate the growth of intrinsic motivation. To use assessments effectively, teachers should:

- provide clear expectations for students,
- assess frequently and thoroughly,
- provide detailed feedback about responses to assessments,
- avoid social comparisons in communicating assessment results.

Learning-focused environments emphasize learning goals, whereas performance-focused environments concentrate on performance goals. Today, unfortunately, parents, teachers, whole society is performance-focused. This is a very dangerous trend, which leads, paraphrasing Theodore Dreiser's book's title, “American Tragedies” – disappointment in life, cynicism, etc. Teacher has to demonstrate respect to student's knowledge (especially, beyond the program and textbook) and stimulate it by giving creative tasks. It is teacher's task to bring to student's mind that a diploma with high grades may even help to get a job, but cannot help maintain it. It is knowledge that finally matters.

We may (and we have to!) fight a lot against alcohol and drug abuse, but if there is no spiritual interest towards life, this gap will be filled with something evil. If learning is something a student likes, there is no better bliss or euphoria than gaining new knowledge. And this natural curiosity, in-born attitude towards knowledge-seeking, should be maintained through a secure classroom environment.

Conclusion

Classroom safety isn't just a legal term dealing with lack of physical danger. It also to a high degree involves our care about the student's mental, psychical and personal development.

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Honesty is the Best Policy Say No to the Misinformation

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Abstract

*I shall talk about the representation of state, language and ethnic borders of the area from the Don, the Dniepr, and the Crimea in the north down to the south to the Persian/Arab Gulf being represented in several modern acclaimed historical maps published on the websites in various countries, and their interpretations by modern authors. Comparison with both published and unpublished maps and texts written by one of the most trustworthy archaeologist, linguist, ethnographer, historian Prof. Mose G. Janashvili (1856-1934) will be made. He was a distinguished eloquent orator as well, was able to convey complex aspects of history and politics in a way that was and still is understandable without difficulties. I recommend the use of his basic material for a popular handbook after adding the concise information concerning the achievements available after his days to this day. I recommend to make and then to translate such an adapted concise book from the Georgian/Kartuli language into English, Turkish, French, German, Italian, Arabic etc. languages in order to make it available to a large audience. His handbook entitled *Istoria Sakartvelosi Uudzvelesi Droidan (The History of Sakartvelo from Remote Times)* written in the Kartuli/the Georgian language may form a good basis for a new, modern publication. Unpublished material from his vast archive kept at the National Centre of the Manuscripts of Georgia in Tbilisi and at the Museum of the Georgian Language will make it even better.*

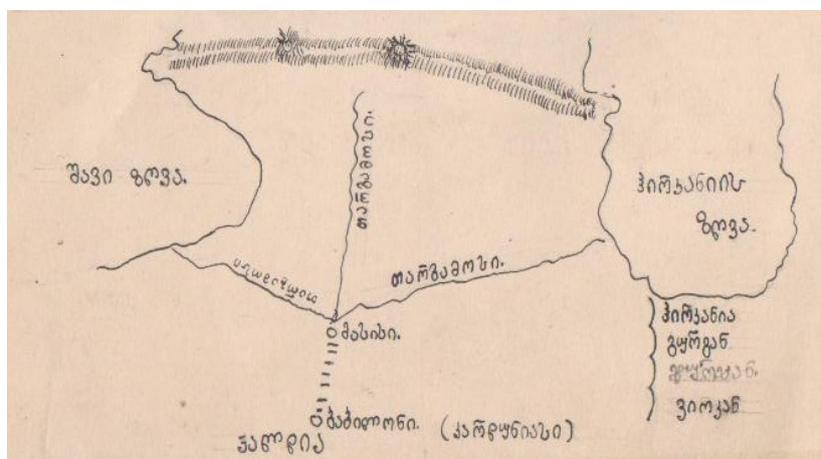
The persons symbolising the country and the nation called throughout several millennia by the names: Aia, Kolkheti, Aiakolkheti, Colchis, Kardu, Sa-kartu-elo, ki Enguri (land called Enguri) etc. are mostly the ancient king Aieti (Aieetes, Aeetes), his daughter Medea.



Picture 1. Modern statue to Medea in Batumi

For a brief period in 1940-1953 the fame of these persons was overshadowed by the fame of Ioseb Jughashvili (his adopted nick-name was Stalin given by Vladimir Lenin - from the Russian word stal meaning the metal steel). The fame of the latter has eclipsed in recent decades. He is rebuked for being a son of a poor

were killed by her or under her command. They were killed after Medea left for another country - by the Corinthian relatives enraged that their king and daughter died simultaneously when Medea was at Corinth. Profs. Akaki Urushadze, Gizo Tchelidze and other Georgian/Kartveli authors have published papers and books to clarify this problem and inform readers.

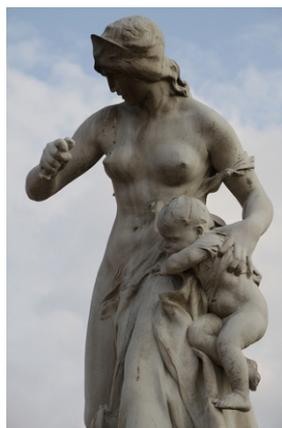


It is painful and embarrassing for any ethnic Georgian/Kartveli when he/she encounters the abuse of Medea in publications, plays or films. Strabo wrote that the word myth meant a real story in former centuries and that it contained much of the truth. The Greek authors praised Alexander of Macedon. The descriptions of the life and culture in lands conquered by Alexander reveal that he and his people had not seen naphta and did not know what naphta was. Naphta of the kingdom of Media (called now the Caspian oil) was called Medea's naphta even in VI-VII c.c. – after a long time when Medea ruled the nearby area; this information is recorded in the text written by Justinian - the emperor of the Eastern Roman Empire. Naphta was used not only as an energy resource to produce heat, but was also used as the medication for diseases. Boiled naphta is still used in small portions to cure cancer, at least in modern Tbilisi.

My recent search in the Internet on the name Medea delivered a response. One of the items was a book entitled The Medea Hypothesis. It has been printed at the Princeton University Press in the USA in 2009 by the author of several popular and science books Peter D. Ward. He is a paleontologist at the University of Washington in the USA. He proposed a new hypotheses that the planet Earth is not the loving and caring mother for her children, that is, to the humans inhabiting the Earth, but on the contrary, that she is the worst mother of all that annihilates, kills her children by modification of living conditions, causing disasters, earthquakes, tsunamis, deadly diseases, the climate change, famine, lack of food and water, shelter and asylum and etc. The Good Mother is goddess Gaia of the Greek mythology proposed by another scholar half a century ago, thus naming the previous theory the Gaia Hypothesis, while the worst mother that haunts the author's imagination happened to be Medea daughter of Aieti/Aieetes king of Colchis/Aiakolkheti. Thus the scholar wrote that the Earth is Medea and is not Gaia, as previous scholars supposed. P. Ward gave the latter theory the name the Medea Hypothesis of the Earth, because the Greek Euripides wrote a tragedy where Medea killed her two infant sons in order to cause suffer to her husband that was going to divorce her for the Corinthian princess. Previously the story of Medea taught that Medea's son Mermeroes became a happy ruler of Corinth and his son Yi succeeded him (Urushadze 1984: 18); Corinth was Aieti's ancestral area together with other areas. Hence the theme about the killed infant Mermeroes was some later author's invention and addition to previously known material. Texts that appeared still later told that two sons of Medea were killed by the Corinthian relatives of the king Kreont of Corinth, after Medea fled out of Corinth to Athens. Still later versions distorted the truth even more and said that Medea killed her small sons Mermeroes and Ferretes and fled to Athens where she married king of Athens and had a son Medes with him. Later time Greek authors, starting from Sofokles and Euripides became authors of abusive falsifications. In II millennium BCE the Sacred

“Golden” Fleece of the Sacred Ram=Sheep was considered to be the basis for the abundance, well being of the area where it was kept in a sacred place. This is apparent from the ritual with the Sacred Ram's image and/or skin described in texts that are in museums, are written in the cuneiform script, are translated into English, French, German and other modern languages and published in London, Chicago, Berlin, Paris etc. These texts tell that the king carried the image of the ram's hide from one religious center to another religious center of his kingdom on special days celebrating the unity of the kingdom. Thus we see that the story of the Golden Ram has true historical roots. The author of The Medea Hypothesis of the Earth was interviewed at the Television Channel 6 in the USA. The dialogue is available as a video film on the Internet that I personally viewed on January 29, 2011. Viewers and listeners of that Live Edition phoned and discussed The Medea Hypothesis. In this way P. Ward contributed to the more wide abuse of the Kolkhian/Colchian//Georgian princess Medea. Euripides's play “Medea” is still published in many countries with horrible covers and is staged in various countries of the world with frightful scenes that cause frustration in readers and spectators.

The Great Campaign ought to be started by decent persons against the abuse of the personality of Medea – this great healer that had cured many persons out of maladies that were considered fatal in those days. Due to her talent in healing the art of healing has been known in honour of Medea; it is called Medicine and there was a term Cura Mediana – Medea's variant of healing the persons. To a citizen of the USA P. Ward Medea is a mythical princess of Colchis. Nevertheless to me - to the citizen of modern Colchis//Georgia//Aiakolkheti//Sakartuelo both Medea and her royal father Ieti/Aieetes are not mythical persons at all but are the great ancient representatives of the Colchian//Georgian//Kartu nation/ethnos. The ethnos//nation is still called eri in our modern language. That word eri is so old that it is preserved in the texts made four thousand years ago in the so called Sumerian and Acadian cuneiform script called Emegir at the time. This is what modern-day famous cuneiformists publish and say. Another gross abuse of the national feelings of the Colchian nation/the Kartveli nation/the Georgian nation is the fact of displaying a large white marble statue made by a German sculptor in about 1840-ies in the center of Paris in the central city park situated beside the famous Louvre museum. It depicts a bare Medea wearing only a transparent veil over her legs. She is holding a huge sword and is going to stab and kill her two tiny sons aged no more than a year. The helplessness of the boys clinging lovingly to their furious mother makes the scene even more frightful. It is amazing that the authorities of that park do not realize their guilt for abusing the feelings of passers by, of the citizens of Paris and of millions of guests of that central park that stroll there to have a rest both physically and emotionally. That marble monument ought to be destroyed and replaced by something appropriate to the park.



In another city of France - in Nantes in the archaeological museum there is a beautiful picture of Medea (at least I and my acquaintances consider that the depicted lady wearing a crown and a long gown that has the embroidered inscription Aia in the script used in modern Kolkheti/Sakartuelo/Republic of Georgia as an official script of this country) painted more than 2600 years ago on a ceramic material; nevertheless it is still colorful with bright fresh-looking paints. The most important fact that appealed to me on that painting is that the lady

carries a scepter of freshly cut branch of the vine tree. The season is the autumn as the branch has fullgrown ripe black grapes on the top. The tiny piece of wood nailed to that branch close under the grapes renders it the form of a cross. The Scepter of the Vine branch with ripe grapes and in the form of a wooden cross at that, reveals that it was a royal symbol of the kingdom where Medea ruled and where she was raised as a princess of king Aieti.



Above is the photo of the wig “Medea the witch”

Historians that publish books on ancient kingdoms ought to explain to the readers at large, that the cross the cross is depicted on various objects millennia before the myth about Jesus Christ son of Mary and Joseph was created. There are many archaeological ancient artifacts that prove this fact. The archaeologists have discovered another ancient artifact resembling the picture of Medea described above. The painters are unknown as far as I know. Medea's face, features, the dress are more meticulously painted on that second artifact. She attentively gazes at the large snake that she has in her hand. This is not a witch but is a healer. Hence it was a sad surprise to me to have seen on the Internet website of the hair ware, that anyone can buy wig with long curly grey hair called 'Medea the witch'. This is one more abuse of the memory of the most revered lady ruler of my country. Georgia is the youngest name of this country; this name Georgia has been known only since the first century of the Common Era. Hence the most old name Aia ought to precede the name Georgia, thus becoming Aiageorgia. Aia ought to be duly represented in the official name of our republic in every language, it being the most ancient and hence the most beloved and prestigious to our nation. The name of our nation 'the Georgians' (Georgoi) has been used in written sources only since the first century CE – by Strabo, Pliny the Elder, Tacitus, Pomponius Mela. It referred in the first century especially to that part of our nation that inhabited the area situated in the Aia peninsula that is called now the peninsula Crimea, also in the river Tana/Tanais basin renamed later and known as the Don nowadays, also the area situated in the northern part of the large lake in which the river Ra (modern name the Volga) emptied. In my view the Aia population of those areas were called the Georgoi/the Georgians due to the fact that the population of the areas situated north of that area were not agriculturists but were the nomads, the non-settlers that travelled with their 'homes' placed on their arbs from one area to another.

King Aieetes of Aia is known to be the son of the Sun-god. To the modern intellectuals this may seem absurd. Nevertheless those that have learned to some extent the cuneiform script and the historiography of the kings that have been mentioned in the texts survived in that script know for certain that 'the Son of God' was merely a title of many kings that ruled in the third, the second, the first millennia BCE. Likewise, nowadays there are persons in various countries of the modern world that say and right that Jesus Christ is in the skies and is the only son of the God. Millennia ago there were times when this or that king would declare himself God and adopt the title 'God', nevertheless more often the kings were content to adopt the title 'the son of God'. In some texts 'to become God' meant that the king died: this text is in the letter of king Mursillis of Khetta written in the cuneiform script. He wrote that his father became God - he meant that his father the king of the country died.

Persons that write on ancient history literature ought to learn at least the basics of the texts written in the Cuneiform script. This will give them the necessary background of knowledge that will suffice not to make drastic ideological mistakes. Ample literature is available in English, German, French, Italian, Spanish, Czech, Polish etc. languages treating texts written in the cuneiform script. In the modern Georgian language the handbooks and/or science papers have been printed in recent years dealing with the history and literature of the population that used the Cuneiform script - by Profs. Jemal Sharashenidze, Grigol Giorgadze, Zurab Kiknadze, Levan Gordeziani, Irina Tatishvili, Ana Meskhi, Nino Samsonia, Maia Gambashidze, Erekle Astakhishvili, Eka Avaliani, Paata Ramishvili, Eduard Menabde as well as by Zurab Qapianidze, Gia Kvashilava etc. Previously, at the start of XX c. texts written in the Cuneiform script were analyzed by the Georgian authors: Profs: Ilia Tchavtchavadze, Mose Janashvili, Niko Gurieli-Marr, Mikheil Tsereteli etc. The enchanting realm of the Cuneiform literature studies have revealed many facts of history and have shed light on forgotten realities, forgotten persons and their lives. The enlargement of the number of the persons involved in these studies will enhance the achievements and lead to greater results.

Golden Aries—The Symbol In Georgia According To Discoveries

Two artifacts: one in the Louvre and another in Ambrolauri in Georgia dated 14th c. BC and 18th c. BC respectively display either the Sun bird or the falcon with widespread wings. Head of the Ram is on top of the bird on these artifacts. The symbol represents the ancient Georgian ideology: as the sun entered the Aries in Tropical ecliptic the New Year's Day started in spring and the first furrow was made by the king, followed by the general agricultural work of the entire agriculturalist class in the fields. The artifact in Louvre was excavated in Egypt and it might belong to the mother of pharaoh Achen-Aten that introduced the monotheist religion of the Sun-disc from his mother's country in mid-14th century BCE.



This is king Parnavazi's coin issued in III c. BCE. His image faces the inscription in Asomtavruli Kartuli/Georgian: Keisar Parnavaz, shortened to Kei-I Pz.

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Decentralisation of Education System – a Panacea for School Improvement Issues? The Georgian Perspective

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Abstract

Almost a decade ago, Georgia, a Trans-Caucasian state, embarked on educational decentralisation reform aiming at rehabilitation of education system in order to reach high school performance. Through Local Management of Schools, the form of decentralisation implemented in Georgia, power and authority was devolved directly to individual schools. Due to the initiative principals became the fulcrum of all reform efforts. Thus the aim of the study was to observe how the central state reform informs policy and practice at school level through empowered principals and whether the new initiative was actually the answer to the accumulated educational issues. The study showed that while most principals had broad understanding of the reform, many lacked practical skills and experience in actual governance in a new mode. School governance was further complicated by insufficient funds from the central government, low community participation in school functioning and teachers' lack of training in conducting teaching and learning process in a new mode set by the new National Curriculum.

Keywords: Georgia, decentralisation, education reform, local management of schools, transition state, school improvement.

Introduction

Georgia, a Trans-Caucasian country by the Black Sea coast, has been facing constant changes in the social and political spheres throughout the recent decades. Though the transition period has not been easy, the Georgian government is trying to direct its efforts towards finding the right path leading to statehood. This paper will highlight the research which embraced school education initiatives introduced by the Georgian government by the year 2008 as these very initiatives formed a milestone for current school reform in Georgia.

Georgia was the first republic to declare independence from the Soviet Union in 1991. Since then the nation has endured social, political, cultural and economic turmoil. In the first years of independence Georgia faced internal conflicts and a civil war. All fields of social and economic life suffered stagnation. According to the World Bank report (2006, p.1) “there was a short-lived stability and a structural reform effort in 1994.” However, bureaucracy and all-pervasive corruption of the state structures curbed the progress (Perkins, 1998). These factors, along with the government’s inability to address social and economic problems in a timely and efficient manner, prepared grounds for Rose Revolution in 2003 which ensured a peaceful change of the government in Georgia.

The new government of Georgia listed Education among the top priorities as the deterioration of the education system was seen as the major barrier to overcoming socio-economic problems (The MoES, 2006). Thus drastic measures have to be taken to reform the education system. Though the stance that deep

structural reforms were needed was shared by many, there remained resistance (which still persists up to these days) from some of the interested parties, including teachers, opposition parties, and parents, which could not be ignored, especially at the initial stage of the reform. However, changes in the education system were necessary in order “to meet the new demands of a market economy and a democratic society” (The World Bank, 2006, p.2).

Decentralisation of education system was initiated by the Ministry of Education and Science of Georgia (MoES) and supported by the government of Georgia and the World Bank (The World Bank, 2000, 2006). This initiative was, and is still considered to be an answer to the accumulated problems in the field of education. Following the examples of many other countries, the United Kingdom, the United States of America, and New Zealand among them, the MoES decided to devolve power to lower levels. In 2005 72 Regional Educational Resource Centres (RERC) were established across the country to provide legal, financial and professional support to schools (The World Bank, 2006). The reform initiated restructuring at school level as well. The New Law on General Education of 2005 introduced by the Georgian government prepared legal grounds and in 2006 the MoES organised the election of school boards of trustees (SBT) granting them extended power and authority. The initiative aimed at making day-to-day governance of schools more effective and, in turn, leading to school improvement and higher pupil outcome. SBTs are responsible for electing school principals among the candidates presented by the MoES. They are to monitor all aspects of school leadership and management, and approve the decisions dictated by the local school context (The Parliament of Georgia, 2005). Accordingly they are expected to show the aptitude to deal with the changes accompanying the decentralisation process and assist school principals in the governance process.

The Purpose of this research paper is to explore decentralisation of the education system of Georgia. The study looked at the Georgian context and the peculiarities of the decentralisation policy implementation process. It concentrated on the issue of principal empowerment through decentralisation strategy. It looked at the practicality of the government’s decentralisation initiative from principals’ perspective. This research observed how school leaders perceived the educational reform and its impact over their job. It looked at the level of preparation of principals and how their perception of their role informed school policy and practice while dealing with development and school improvement issues. As such, this research enabled me to look more closely at the issues of school governance, watch the government’s decentralisation policy work in practice, observe its merits or drawbacks and provide constructive feedback.

Literature Review

Globalisation and Education

Globalisation is a highly disputable concept in terms of its essence and effects over the nations (Rhoten, 2000). Open and easy communication in compressed time and space (Green, 1999; Papastephanou, 2005) promotes the development of one global world (Giddens, 1999; Held, 2004a; Waks, 2006). The tendency is determined by many factors. Money, international communication and trade, intercultural relations, environmental concerns, global security and social issues create grounds for cultural homogenisation (Angus, 1993). This has brought along re-shaping and re-thinking of values, re-modernisation of traditions and attitudes (Held, 2004b), and in this process education has to play a leading role.

Globalisation has greatly affected the field of education by increasing its role and importance. Through efficient education systems Western states try to be competitive on the global market, retain their dominance and challenge fast growing Eastern economies (Green, 1999). The essence of education in the context of transition states is even greater because, as Sahlberg (2006) claims, there is strong evidence that education has great impact over economic growth and development of a state. To raise competitiveness of national education systems many OECD (Organisation for Economic Cooperation and Development) states adopted the policies of deregulation, decentralisation and marketisation which are believed to meet school efficiency and



effectiveness considerations (Green, 1999; Langen and Dekkers, 2001; Rhoten, 2000). These policies are increasingly employed in transition states through the efforts of the World Bank and the International Monetary Fund (IMF) who make them an aid condition often without proper consideration of the local context (Chiew and Mandolang, 1992; Green, 1999; O'Dwyer and Ziblatt, 2006).

The introduction of deregulatory initiatives through decentralisation policies and market principles in the public sector determined the appearance of new mode of governance known by different names – ‘new public management’, ‘new managerialism’, ‘economic rationalism’ and ‘entrepreneurial governance’ (Poole, 2008; Power et al., 1997). These terms vividly show that public sector, schools in particular, has been influenced by managerial, rational approaches. However, these policies need to be carefully evaluated because, as Held (2004a) argues, in many of the former Soviet states, and Georgia among them, they did not prove effective in solving economic problems. This generates the necessity for proper evaluation of decentralisation policies before implementing them in an educational context. Besides, an education system is a living structure which reflects the culture and values of the nation. Thus compatibility of common global reform initiatives with individual contexts can be disputed. This necessitates, as Cheng (2004, p.7) claims, ‘localization’ and ‘individualization’ of educational reforms ‘to moderate’ possible adverse effects of global policy trends broadly implemented through international policy borrowing and lending.

Decentralisation and Education

There might be discussions about the forms and effectiveness of decentralisation, but all agree that it is about devolving power and authority from the centre. According to Welsh and McGinn (1999, p.17) decentralisation can be described as “shifts in the location of those who govern, transfers of authority from those in one location or level to those in another level.”

According to the form political, administrative and fiscal decentralisation can be singled out. Rondinelli (1990, cited in Hanson, 2000, p.9) explains political decentralisation as a process of giving “political power for decision-making to citizens or their elected representatives.” He describes administrative decentralisation as the shift of responsibilities from the central government to lower levels within the central structure. Fiscal decentralisation is equally important and is linked with the devolution of decisions concerning budgets and financing to local bodies.

Decentralisation of political, administrative and fiscal functions to sub-national and local units, as well as to the private sector is often viewed by governments as “a panacea to solve broader political, social and economic problems” (Naidoo, 2003, p.2). Pursuing decentralisation policies states often aspire to raise governance efficiency and effectiveness, meet local needs and promote equality as well as accountability (Angus, 1993; Hodgson and Spours, 2006; Leithwood, K., Edge, K. & Jantzi, D.1999; Lloyd and Peel, 2006). However, the evidence is scarce to validate the effectiveness of decentralisation (Giles, 2006; Power et al., 1997). This provides impetus for putting decentralisation policies under scrutiny.

It is often claimed that states choose to devolve power and authority not for educational efficiency and effectiveness considerations but a simple desire to avoid blame and responsibility (Apple, 2004; Hargreaves and Hopkins, 1991, cited in Amelvoort et al., 1995; Hoyle and Wallace, 2007; Lauglo, 1995). However, there are many considerations determining the necessity for decentralisation of education system which are worth discussing.

Political decentralisation in education “is a means to establish institutional legitimacy by redistributing power and giving local communities a greater management role and voice” (Naidoo, 2003, p.5). It allows community to state their preferences through the representatives (Welsh and McGinn, 1999). The idea is further strengthened by Jütting et al. (2005, p.627) who argue that “decentralisation can be a tool for central authorities to better identify people’s needs and preferences.” However, it should be noted here that from

political angle decentralisation can be rather a vague framework to determine the nature of interdependence in terms of power and accountability (Giles, 2006).

Economic(fiscal) decentralisation is aimed at relieving the burden of public expenditure from the central government (Chiew and Mandolang, 1992, Naidoo, 2003). The initiative is introduced when “central governments do not or cannot provide the finance to meet the demand for schooling” (Welsh and McGinn, 1999, p.29). Decentralisation is expected to generate additional revenues from the local sources of taxation and involve regional or local government, parents and other stakeholders to provide financial support.

Efficiency considerations underpin the central government’s endeavour to employ decentralisation policy in order to identify local needs and respond to individual demand. However, the same aspirations underpinned centralisation process aiming at equality and broader access to education and public services (Welsh and McGinn, 1999). “The efficiency rationale suggests that local decision-making in education will alleviate problems of wastage and mismanagement and lead to more efficiency by eliminating inefficient bureaucratic procedures and motivating officials to be more productive” (Naidoo, 2003, p.5).

Education improvement is one more rationale for the central government to employ decentralisation as a key to improving the quality of teaching and learning, because decisions move closer to the context of practice (Naidoo, 2003). This gives educators, parents and other stakeholders increased power and authority to decide what measures can more effectively meet their goals and demands.

Local Management of Schools

Local Management of School (LMS), the most widespread form of educational decentralisation (Abu-Duhou, 1999; Gaynor, 1998; Giles, 2006) “has become a centerpiece in the broader school restructuring agenda of 1990s” (Leithwood and Menzies, 1998, p.326). Modern world is often viewed in terms of megatrends which affect socio-economic, political and cultural life of our time (Naisbitt and Aburdene, 1990, cited in Abu-Duhou, 1999; Botha, 2007). LMS is described as one of the megatrends within a broader context of decentralisation (Caldwell and Spinks, 1992).

LMS presupposes the devolution of authority over governance to educators and community to make solutions context-specific. Supervision and management functions can be performed by sub-national agencies within the same state hierarchy, local authorities or individual educational entities (Abu-Duhou, 1999, Gaynor, 1998).

The degree of centralisation/decentralisation of the system determines how LMS is perceived and defined. LMS can be viewed as the devolution of authority to individual schools empowering them as self-governing units (Malen et al., 1990). However, there can be another, a rather radical stance which defines LMS as “a way for forcing individual schools to take responsibility for what happens to the children under their jurisdiction” (Candoli, 1995, cited in Abu-Duhou, 1999). This stance considers educational decentralisation as the state’s “effective strategy for shifting the blame” (Power et al., 1997, p.358) and “the burden of responsibility for unpopular measures” (Green, 1999, p.60). LMS is also “a significant and consistent decentralisation” of responsibility, decision-making, and authority over educational resources to schools. The process is claimed to carry administrative rather than political nature (Caldwell and Spinks, 1992; Leithwood and Menzies, 1998).

Common for all these stances is that LMS aims at improving and sustaining teaching and learning. It devolves authority to individual schools at the same time increasing their accountability through centrally determined regulations (Caldwell and Spinks, 1992). Proponents of LMS argue that the involvement of those affected by the decisions about educational issues will result in the better quality of education and higher teacher performance (Gaynor, 1998).

Financial considerations and teaching and learning issues are closely intertwined and form the core of



LMS. “Control over the budget is considered at the heart of SBM effort” (Abu-Duhou, 1999, p.35). The initiative is expected to reduce the central state expenditure (Green, 1999) and make local financial transactions more efficient. LMS is aimed at improving teacher payment conditions encouraging professional advancement and promotion. The initiative needs careful implementation so that the system is reasonable and provides everyone with equal opportunities. LMS should “promote good relations and communication between teachers and other stakeholders in education, such as parents and educational management” (Gaynor, 1998, p.11). However, improvements at the local level is not enough if capacity building does not take place simultaneously at a national level (Chieuw and Mandolang, 1992).

Decentralisation and Re-shaping of Principalship

Decentralisation resulted in changes of different aspects of school day-to-day governance – mission, operations, personnel, client and finance, most of which were previously centrally regulated but came under direct school authority due to educational decentralisation. School principals have become a core of all activities through LMS (most wide-spread form of education decentralisation). All these reform initiatives have caused drastic changes in the role of principals posing lots of challenges. The state reforms which can be grouped into three clusters of market, management and curriculum are often underfunded with very little time and no proper preparation and training for implementation (Ball, 1994). The process is often stressful lacking cohesion but still, school principals supported by leadership teams “must put these bits and pieces together” (Ball, 1993, p.64).

Leading and managing change is one of the challenges inherent in the role of principals through new decentralisation policy initiatives. Principals are “the fulcrum of education, right at the centre between central government as policy-makers on the one hand and teachers as implementers on the other hand” (Kalanda, 2007, p.35). Aspirations of pupils, parents, community and other stake-holders are also at play. Thus principals have to negotiate various interests and give expression to “an image of the way they would like their school to be at some time in the future” (Caldwell and Spinks, 1992, p.50).

Providing visions and introducing reform initiatives is not enough for school governance. The way these innovations are implemented and managed greatly affects overall outcome and here consolidation of short-term and long-term objectives is important (Davies, B., 2007). External accountability (to the central government, local educational authorities) may often tempt schools to concentrate on short-term agendas which will produce measurable results, for example test scores. Unfortunately, this may lead to shallow learning and not deep knowledge when information is just replicated and not personalized (ibid). On the other hand, if pupils are not making progress, drawing glorious future objectives will do them no good and schools should turn to short-term remedial measures.

Sustainability is one more important aspect in leadership and management. It ensures that principals build on what is positive practice within school culture but constantly seek new approaches. Sustainable leadership “acts as a catalyst without which other good things are quite unlikely to happen” (Leithwood et al., 2006, p.4). However, realising their importance should not lead principals to the assumption that they are solitary heroes. Through distributed leadership approach they should promote and sustain the culture of cooperation among the staff so that they have a sense of belonging. “Leadership which empowers others is central to success in a self-managing school, especially in respect to decision-making” (Caldwell and Spinks, 1992).

Managing the market requires a principal to take much endeavour. Introduction of quasi-market into education underpinned by market-efficiency principles are argued to put pressure on principals (Olssen et al., 2004). “The money follows the student” policy (Caldwell and Spinks, 1992, p.12) requires entrepreneurial and marketing skills to make schools popular and attract maximum number of students allowed by standards. Preoccupation with school marketisation is likely to leave school leaders with hardly any time and energy for

instructional leadership role (Chieuw and Mandolang, 1992).

There can be arguments against other aspects of market policies. Choice and competition are intended to raise standards and increase diversity. However, as evaluation largely depends on benchmarks against which schools are compared, it causes less heterogeneity and more standardisation rather than pluralism and multiple choice (Morley and Rassool, 2000). Market policies are also expected to meet equity demands. “Markets, by reducing bureaucratic rules ... enable families and individuals to make choices ... seeking a better quality of service” (Gorard et al., 2003, p.15). However, there is often scepticism towards a positive effect of market over educational improvement as well as equity (Power et al., 1997). In the UK for example, in order to raise test score results and improve their league table positions schools tend to give priority to middle class students as they are assumed to perform better. This leads to claims that market increases social polarization and stratification (Ball, 1993; Whitty, 2002).

One more burning issue is a compatibility of policy of choice to educational context. The UK example shows that the initiative does not work equally effective in London and the rest of the territory, especially in rural areas where there is traditionally less competition and more cooperation (Gorard et al., 2003). Instead of competing with each other many schools in the UK consider that “staying within school’s own geographical area when recruiting is one solution to the dilemmas presented by LMS” (Edwards et al., 2000, p.324). Cooperation carries crucial importance because markets tend to put schools in spiral of decline where they lose students and accordingly resources attached to them (ibid).

Managing human resources was centrally regulated before decentralisation policies were employed. Through LMS the authority over teacher selection and employment often goes directly to schools. In theory, this empowers principals to nurture the team they can rely upon in the process of leading and management which is “about achieving results with and through those people” (Oldroyd, 2005, p.188). Leaders should recruit highly qualified professionals and they also need to practice distributed leadership approach when power and authority are equally shared among educators. This will build the school culture of collegiality, participation and cooperation. This will promote the sense of belonging and at the same time will ease the burden of principal workload (Bush, 2003).

Though important, collegiality and cooperation are not enough for efficient leadership and management. Principals should correctly identify the need for “motivating and nurturing those who perform the tasks” (Oldroyd, 2005, p.189). This should be done, as Earley and Weindling(2004, p.86) suggest, through ‘praise and constructive feedback’ on the one hand and by providing professional training on the other hand. The need for teacher training and professional development should form a substantial part of school life. Highly qualified educators should be school priority when it comes to student achievement because, though very important, leading and managing provide means how to get desired results being “second only to classroom teaching as an influence on pupil learning” (Leithwood et al., 2006, p.4).

Managing curriculum is one of the challenges posed by new education reforms through new national curriculums. There is growing tension between the traditional role of principals as curriculum leaders and a new role of financial managers (Simkins, 2000). In decentralised systems educational leaders tend to be more absorbed in administrative and budget issues rather than direct instructional leadership. This may distance them from teaching profession leaving them with no time to affect actual teaching and learning process (Power et al., 1997). Claims are critical enough as LMS intends to provide autonomy equally over budget and day-to-day school governance and curriculum content as well. However, self-governance does not always provide freedom over pedagogical issues. The National Curriculum of England and Wales, for example, are often perceived as ‘straitjackets’ rather than a framework which should leave educators space for creativity and freedom of action (Arnot, 1991). This kind of disposition may curb correct understanding of instructional leadership which actually is “purposeful, inclusive and values-driven ... and focuses on learning and

empowerment” (Hopkins, 2003, p.59). Hopkins argues here that learning implies not only individual pupil achievement but a broader sense of self-development of teachers and leaders. “Without such a holistic view of learning for leadership the rhetoric of school improvement will remain just that” (ibid, p.60).

Managing funds largely, if not decisively, determines the success of school. Through LMS often per capita funding determines resource allocation to schools based on special formula. That is where principals should develop awareness of market demands so that efficiently and effectively transact financial process which directly affects school status on educational market. How successfully principals along with school boards attract funds and plan the budget may “magnify difference between schools” (Abu-Duhou, 1999, p.96). Accordingly, this will determine whether schools flourish or enter a spiral of decline.

Decentralisation of Education in the Georgian Context

Current formal education system of Georgia should be viewed in terms of two stages – before and after the declaration of independence from the Soviet Union in 1991. During the Soviet era the Georgian system of education was characterized by extreme centralism, when instructions about local management was directly transferred from Moscow, common Soviet ideology, centralized financial management, again geared from the centre. However, “democratic movements in the political and social life of Georgia led to cardinal changes in the education system” (Sharvashidze, 2003, p.37).

In the first years of independence all the fields of socio-economic life suffered greatly. Before independence, Georgia, like other Soviet republics, was controlled from Moscow where the whole decision-making and planning took place. The attempts to reform the completely deteriorated education system were taken by the Georgian governments since 1991. However, Sharvashidze (2003) clarifies that there was no clearly stated vision, initiatives lacked cohesion and often came into contradiction with each other. Bureaucracy and all-pervasive corruption of the state structures posed additional problems. Always underfunded the reform could not progress.

In 2005 the Georgian Parliament issued a New Law on the General Education of Georgia which substituted the previous law of 1997. The document informed new state educational policy and its priorities claiming that the old law could not ensure legal basis for the new governance of the system (The Parliament of Georgia, 2005). Based on consultation from international partners (the World Bank, the International Monetary Fund) the Georgian government adopted decentralisation policy which aimed at educational system rehabilitation and school improvement (The World Bank, 2006). The reform intended to ensure transparency of resource transaction and delegation of functions which are expected to affect governance positively. The new state policy encouraged social inclusiveness and puts unprecedented emphasis on an individual learner and learning outcomes (The Parliament of Georgia, 2005).

Through the educational decentralisation agenda the Government of Georgia devolved power and authority to individual schools which are established as public legal entities (The Parliament of Georgia, 2005) Like in cases of many other states at the initial stage of decentralisation process top-down reform strategy was employed. The process carried political meaning and was an attempt to meet the demands of participatory democracy and reflect its values. Through school boards educators, pupils, parents, community and other stakeholders were given power and authority to express their will and shape the decisions concerning themselves.

The Georgian educational decentralisation policy informed financial management of educational establishments. Schools are directly funded from the central budget which intends to ensure transparency and efficiency of transactions. Their legal status allows schools to raise and spend funds based on decisions taken locally. School budget is determined through per capita formula which is calculated according to urban, rural and high mountainous areas to reflect local context more efficiently (The Parliament of Georgia, 2005). This

form of financing requires schools to use human and financial resources rationally and be competitive. For small size schools it provides opportunity to set up school consolidation schemes (The World Bank, 2006).

Complete secondary education now encompasses 12 years instead of eleven – primary education (year 1-4), incomplete secondary education (year 5-9), and complete secondary education (year 10-12). Schools accommodate all three levels of education and are run by one principal. The national average of pupil/teacher ratio according to the data of 2006 was 12/1 and it was planned to increase the correlation to 16/1 (The World Bank, 2006). The new school structure includes a pedagogical council, board of trustees, school management team, pupil self-governance and disciplinary committee (The World Bank, 2006).

The reform largely relied on efficient functioning of school boards of trustees (SBT). The number of members depends on the amount of pupils in school. SBT consists of teachers, parents, pupils and community representatives and are given extended power over day-to-day governance, determining individual school policy and dealing with funds (The Parliament of Georgia, 2005). SBT also elects school principals out of three candidates presented by the MoES and the choice is based on the merits of the programmes presented by the candidates. They are selected through strong competition which encompasses three stages – CV-based selection, a written exam and a presentation of individual school development programmes. 20 per cent of candidates with the highest scores receive an advantage to name the school of their choice and the rest are assigned to schools randomly by simply picking up school numbers. This rigorous process is expected to ensure selection of strong candidates who will positively affect school efficiency issue.

Research Methodology

For this piece of research I chose a case-study approach as it allows “to focus on one (or just a few) instances of a particular phenomenon with a view to providing an in-depth account of events” (Denscombe, 2007, p.19). Educational decentralisation pursued by the Ministry of Education and Science of Georgia (MoES) is an instance within a broader context of educational reform. Thus, the case-study contributed to an in-depth understanding of the process through qualitative data. Primary and secondary data for the research was obtained through semi-structured interviews with 7 school principals of Georgia and vast literature on decentralisation and official documents of the government of Georgia accessible through their official websites. The questions for the semi-structured interviews were shaped by the issues highlighted in the literature review.

Research Findings

The research showed that decentralisation has brought increased power and authority to school principals which enable them to govern their schools more effectively based on local needs and specificity of the context. However, the process resulted in the increase of the workload of principals as they had to deal with educational as well as financial and school marketisation issues.

The analysis of the research findings showed that school principals had increased accountability. They stood right at the interface between the government and local stakeholders. Accordingly, they were accountable to the state for implementing the state educational policy. Another spectrum of their accountabilities was pupils, parents, teachers and other stakeholders. But these parties had been present before decentralisation. What increased their workload was the necessity to lead and manage school in a new mode through LMS. This meant they had to deal with issues which were previously managed from the centre. Thus the job proved to require much endeavour.

The research showed that through LMS principals in Georgia had to claim new functions:

- Recruiting teaching personnel
- Encouraging professional upgrade

- Conducting school self-evaluation
- Conducting staff evaluation
- Establishing typically new-mode relations with the community
- Seeking links with NGOs and international partners
- Marketing schools
- Seeking additional financial support

The research showed that dealing with these issues of school governance did not always go smoothly. Implementing innovations and reform initiatives created dilemmas for school principals and they required strong leadership traits as well as managerial skills to cope with them. This has resulted in a complete rethinking of the roles of educational leaders.

LMS was a completely new initiative and its institutionalisation relied upon a principal. To support principals through the process the MoES provided training but the research showed that often they were not enough, especially for those with no or a relatively moderate leadership experience.

One more dilemma detected through the research was school boards of trustees. LMS presupposes wide participation of stakeholders in decision-making to provide support to principals. The job of principals might involve even more stress due to reluctance of SBTs to assume their responsibilities. Principals themselves explained their reluctance and inactivity by the lack of training and experience. Besides, social and cultural aspects were also at play and changing mentality would require much more endeavour and time.

The literature review highlighted that in many cases the national curriculum was perceived to be a straitjacket ensuring the central state control of schools. The research showed quite the opposite in the context of Georgia. The national curriculum was considered to be a flexible and well-organised standard which should be followed by schools. Only one respondent thought that some parts were vague. In most of the cases even 25 per cent of freedom allowed in the curriculum was not used by the principals.

The biggest dilemma in the implementation of the national curriculum was teachers. The research observed the claims that in many cases teachers retained old modes of teaching which were incompatible with the requirements of modern teaching and learning process and posed problems to the implementation of the curriculum. The research showed that at that stage of the reform there was more need for teacher training.

Conclusion

To conclude, it should be firmly stated that educational reform in Georgia was necessary as the deteriorated system called for rehabilitation. The devolution of power and authority directly to schools made principals a core of the educational system. They have to deal with various functions – some inherent in their traditional roles and some brought along by the reform formerly dealt with by central and regional agencies. Thus principals should try to make their school boards of trustees more active so that they would assume the responsibilities determined by the law. Lack of support from SBTs as well as some central intervention make the burden of school leaders even heavier. The research showed that at the initial stage of the reform principals mostly had to act as solitary heroes to deal with dilemmas in school governance brought along by the change.

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Importance of Education for Global Cooperation

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Abstract

While education is a basic necessity for any country's development, it is also extremely beneficial in terms of the institutionalization and promotion of culturally comprehensive behavior, cross-cultural understanding, and a movement toward promoting a culture of peace. The approval of values like cross-cultural tolerance and global understanding is principal in overcoming transnational security threats such as poverty, environmental degradation, migratory issues, terrorism, disease and political corruption. New higher education access policy in Georgia is in its early years of implementation, as it was introduced relatively recently, in 2005. Therefore, there are a number of issues to be considered in order to evaluate the positive consequences as well as the disadvantages that this policy has caused for different socioeconomic and ethnic groups residing in Georgia, as well as for the Georgian and ethnic minority populations residing in isolated regions of the country. However, the 2005 policy cannot be considered without putting it in a wider historical perspective. In order to evaluate its importance and consequences it is necessary to analyze past experiences, namely the post-soviet period from 1991 up to 2005 when the education system of the country fell in another extreme of a total chaos. Sustainable global security can only be achieved when education is made a priority by states and their institutions. When properly realized, education can be a global advantage to fight poverty, inequality, insecurity, and disease. Thus the article outlines the components that any educational system must include in order to ensure a well-educated, tolerant, and peaceful world.

While education is a basic necessity for any country's development, it is also extremely beneficial in terms of the institutionalization and promotion of culturally comprehensive behavior, cross-cultural understanding, and a movement toward promoting a culture of peace. The approval of values like cross-cultural tolerance and global understanding is principal in overcoming transnational security threats such as poverty, environmental degradation, migratory issues, terrorism, disease and political corruption.

Arising from the fact that contemporary people live and interact in an increasingly globalised world, there appeared an education perspective, such as Global Education. As a specific approach towards Education, Global Education is an answer to the globalised world and the needs of people within it. It is a fundamental renewal in the area of education in an age of globalization; it represents an educational concept with a political, philosophical and pedagogical background; it is global citizenship education preparing people to fully take up their role as citizens of one world, by exploring world realities, providing information and by developing understanding and respect.

Today Education needs a new dimension that would encourage people's critical thinking and capacity to reflect on and perceive the reality around them, while at the same time developing their understanding of how their Global Education contributes not only to improving local realities but also to sustaining development

and social justice.

New higher education access policy in Georgia is in its early years of implementation, as it was introduced relatively recently, in 2005. Therefore, there are a number of issues to be considered in order to evaluate the positive consequences as well as the disadvantages that this policy has caused for different socioeconomic and ethnic groups residing in Georgia, as well as for the Georgian and ethnic minority populations residing in isolated regions of the country.

Georgia belongs to a category of states where development of civil integration policies and their consistent implementation is of a key importance for country's stable and democratic development.

Cataclysms emerged in the 1990s predetermined a low degree of participation of a considerable part of the country's population, in the face of ethnic minorities, in the economic, public-political, or cultural life of the country. One of the negative factors is, that as a result, ethnic minorities, especially the Azeri and Armenians living compactly in KvemoKartli and Javakheti, were turned into secondary citizens.

Positive factor is, that in view of the fact that Georgia is linguistically diverse country as its ethnic groups speak different languages and various religious groups reside in Georgia as well, Georgian national legislation takes account of the country's cultural diversity. Many serious reforms have been carried out in that direction, such as:

- Decentralization of education system;
- Elections to school boards;
- Elections of school directors;
- School curricula and textbooks;
- Development and functions of resource centers;
- Teacher professional development and certification;
- Georgian language teaching etc.

However, the 2005 policy cannot be considered without putting it in a wider historical perspective. In order to evaluate its importance and consequences it is necessary to analyze past experiences, namely the post-soviet period from 1991 up to 2005 when the education system of the country fell in another extreme of a total chaos.

Unfortunately, being annexed by Russia in early 19th century and later being a part of the Soviet Union, Georgia was isolated from the rest of the world and was deprived of opportunity to have open relationships with different countries in any field, including education.

Since proclaiming independence in 1991, Georgia restored its linking role with various countries.

Georgia started to move to market economy; however reforming changes were interrupted by constant internal and external problems faced by the independent country, namely high level of corruption and lack of trend towards any kind of changes. Much more intensive reforming process started since 2003, after the “Rose Revolution”.

At this period one of the main domestic priorities of the Georgian government is to fulfill ongoing economic reforms, increase employability, and create better conditions for foreign investments and more effective legislation to improve the business opportunities in the country.

During the last five years Georgia is extremely growing economically, it has fought against corruption, has facilitated licenses, taxes and most of the burdens for foreign investors. That is why Georgia is considered to be one of the countries with the best climate for doing business.



Due to its geopolitical location Georgia is coming forward as a key country for expanding energy-transit routes from Central Asia and Caspian region towards the West and Europe.

Important changes took place also in education area. As we all know, the Bologna Process became the most important trend of internationalization of higher education in Europe. Education and knowledge became important factors in a new stage of development.

On May, 2005 Minister of Education and Sciences of Georgia signed the Bergen Communiqué and thus Georgia, post-Soviet state, officially joined the Bologna Process like forty five other European countries and committed itself to becoming a constituent part of the European Higher Education Area by 2010. That is the justification of the fact, that Georgia sees the opportunity to solve its economic, political and social problems through education.

It is obvious that the Bologna Process may have possible negative impacts and cause some problems, but the results and benefits of the Bologna Process depend on how the governments and higher education institutions will respond to this challenge. Georgia has a chance to internationalize higher education successfully. Nowadays Georgia is making efforts to achieve this ambitious goal through designing and implementing the proper policy and strategy.

We are convinced that education is a fundamental pillar of human rights, democracy, sustainable development and peace, and it should therefore become available to all throughout life. Measures are required to ensure co-ordination and co-operation across and between the various sectors, particularly between different kinds of higher institutions, organizations and state itself.

Education is necessary for building the future, for which the younger generations will need to be equipped with new skills, knowledge and ideals. Higher education includes all types of studies, training or training for research at the post-secondary level, provided by universities or other educational establishments that are approved as institutions of higher education by the competent State authorities.

One of the biggest challenges for administering the new education process is its modern demands. Everywhere higher education is faced with great challenges and difficulties related to financing, equity of conditions at access into and during the course of studies, improved staff development, skills-based training, enhancement and preservation of quality in teaching, research and services, relevance of programs, employability of graduates, establishment of efficient co-operation agreements and equitable access to the benefits of international co-operation. At the same time, higher education is being challenged by new opportunities relating to technologies that are improving the ways in which knowledge can be produced, managed, disseminated, accessed and controlled. Equitable access to these technologies should be ensured at all levels of education systems.

Today, education is more vital than ever before in determining how well people adjust to the realities of an increasingly interdependent world. Education determines who will be able to face persisting challenges in a constructive and positive way. In this respect, national governments should construct education systems that meet a multitude of goals: social, intellectual, economic, political/civic, moral, and cultural.

Considering a substantial change and development of higher education, the enhancement of its quality and relevance, and the solution to the major challenges it faces, requires the strong involvement not only of governments and of higher education institutions, but also of all stakeholders, including students and their families, teachers, business and industry, the public and private sectors of the economy, parliaments, the media, the community, professional associations and society as well as a greater responsibility of higher education institutions towards society and accountability in the use of public and private, national or international resources.

Sustainable global security can only be achieved when education is made a priority by states and their

institutions. When properly realized, education can be a global advantage to fight poverty, inequality, insecurity, and disease. Thus the article outlines the components that any educational system must include in order to ensure a well-educated, tolerant, and peaceful world.

It is said that, the Globalization - with its opportunities and its challenges - is neither simply a dream nor a nightmare. It is a reality that needs a new educational approach and Global Education can provide a good answer. Bringing together relevant actors and stakeholders can implement Global Education and turn the world into one big learning space for all citizens.

The world in which we live, is a world where violations of human rights still occur; where the unequal development and distribution of wealth is a reality that everyone faces - and most severely those, who as a direct result, live in extreme poverty; and where climate change threatens the environment and thus humanity.

Nowadays there are two challenges our societies are facing; firstly the need to build a society that is socially just for everyone and is developed in a sustainable way, and secondly to do it in a world that is globalizing at an ever increasing speed. Education is a life-long and life-wide experience.

Building Global Cooperation is designed as a common working program that stimulates and supports collective learning and mutual understanding. It aims at bringing together eminent persons and young leaders from business, politics and civil society.

Emphasizing that higher education systems should enhance their capacity to live with uncertainty, to change and bring about change, and to address social needs and to promote solidarity and equity; should preserve and exercise scientific rigor and originality, in a spirit of impartiality, as a basic prerequisite for attaining and sustaining an indispensable level of quality; and should place students at the center of their concerns, within a lifelong perspective, so as to allow their full integration into the global knowledge society of the coming century.

As a conclusion, we would like to once more underline multicultural and intercultural education as a significant paradigm of the XXI century and a way to achieve above mentioned goals. Multicultural education is based on democratic principles and values and promotes cultural pluralism in multicultural societies. The main underlying concept of this approach to the learning/teaching process is the idea that the primary goal of education is to facilitate every student's intellectual, social and personal development.

Among the recommendations that might be offered for schools and HEIs are the improving of professional qualifications of staff of resource centers; as well as of teaching of Georgian as a second language through developing the content of syllabuses; making all staff members aware of any kind of changes and innovations; working together to involve stakeholders, employers, professors, students in the development of educational programs; providing good management system; searching for more financial and professional support in order to improve and enrich the research area of the Education Institutions;

Recommendations might be given to governmental bodies as well, such as studying of issue very deeply before implementing it into the education system; making some forecasting and analyze of what kind of results may follow; creating the basis and appropriate conditions for right adaptation of any kind of reforms and changes, etc., assuring the readiness of the educational system of the country; setting up Georgian language houses in ethnic groups of the country in order to recognize and make more efficient the bilingual education reform and carrying out adult education programs.

CHAPTER 6

DEVELOPMENT OF HEALTHCARE, GLOBALIZATION AND HEALTHCARE



Tbilisi - Batumi, GEORGIA
May 27, 2011 – May 29, 2011

Research of Antiblastic Effects of Melatonin by Using ATP-TCA Method on Prostate and Breast Cancers Cell Culture, with Artificial Activation of Melatonin Receptor Genes

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Abstract

Using exclusive technology we have developed biologically (animal) derived apyrogenic (assessed by LAL-Test system) "cocktail" that increased by 41% expression of Melatonin receptor MT1A in cellular culture of prostate cancer (after the 10 day incubation) and by 57.5% in case of breast cancer (after the 10 day incubation). Exposure of adequately marked so called activated cancer cell cultures to Melatonin and assessment of its anti-cancer activity using ATP-TCA method demonstrated the following results: In experiment Melatonin in a dose of 0.4 mg/kg suppresses metabolic activity of prostate adenocarcinoma cellular culture by 51.4% and mammary ductal adenocarcinoma cellular culture – by 67.9% compared to standard control. Melatonin in a dose of 0.8 mg/kg suppresses metabolic activity of prostate cancer cells by 56.7% and mammary ductal adenocarcinoma cells – by 71.1% compared to standard data.

Introduction

Small fir tree cone is seen in the geometric center of the brain. This is exactly what epiphysis – special endocrine organ looks like, its weight is just 0,1 gram. 4 thousand years ago old Hindu called it conoid body. Old peoples thought conoid (pineal) body's functions were fortunetelling, clairvoyance, and also judgment and analysis of former reincarnations. According to above mentioned peoples, epiphysis is a "third eye". French philosopher René Descartes developed tract on pineal body, where called it "a place for soul". Earlier Leonardo da Vinci expressed the same idea.

Function of pineal body was unclear to medical society till the mid 20th century, when american dermatologist A. Lerner (who was looking for effective cosmetic lightening substance to treat pigmentary dermatosis) paid attention to article published in 1917 by British scientists F. Allen and K. McCord, who stated that tadpoles body color lightens if they are fed with pineal body extract [6]. Pineal body is proved to a biological clock (pineal body's extract – hormone melatonin – regulates pigment metabolism, sexual functions [1], circadian and seasonal rhythm [2], cellular maturing and division processes [4], participates in formation of visual and color perception, sleep and wakefulness, etc.; besides, it has demonstrated anticancer activity in experiment: the cancer growth slows under artificial lighting; melatonin level in the serum of patients with early stage cancer is increased 1,5-2 times compared to normal, and is significantly decreased after metastatic

growth [5]. Diurnal excretion of melatonin in cancers is changed [2]. According to I. Kvetnoi (1988): 1. One third of cancer tissue cells synthesize different biogenous amines, including melatonin; 2. Cancers producing melatonin grow slowly and clinically progress in a more benign manner (it might be manifestation of organism's self-protection). A systematic review of unblinded clinical trials involving a total of 643 cancer patients using melatonin found a reduced incidence of death [7]. Women with the brightest bedrooms have an increased risk for breast cancer [8]. Reduced melatonin production has been proposed as a likely factor in the significantly higher cancer rates in night workers [10]. Many biological effects of melatonin are produced through activation of melatonin receptors [1], while others are due to its role as a pervasive and powerful antioxidant [3], with a particular role in the protection of nuclear and mitochondrial DNA [9].

It was suggested to “attach” cytostatic substances to melatonin antibodies so that after administration they would accumulate in cancer cells and destroy them. Still there is a question: are cancer cells producing melatonin or are they accumulating it? Though the experiment demonstrated [5], that they also synthesize biogenous amines. Still it is not excluded that they accumulate them, or both mechanisms work together. Cancer cell (gradually) has less ability to produce something – as it is a classical mutant and eventually it can't even divide!

Melatonin was found in endothelial cells, mast cells, gastrointestinal tract, heart, retina, genital system, thymus, leucocytes and thrombocytes. It dissolves in water-soluble, fat-soluble, passes through all barriers, penetrates everywhere, has four receptors (one of them nuclear); is found in every live organism; seems to be universal.

Material and Methods

The aim of our research was to study the antiblastic effects of melatonin on cancer cell culture. Experiments were performed on 22 cases of prostate cancer (adenocarcinoma) cell culture and 30 cases of breast cancer (mammary ductal adenocarcinoma) cell culture. Normal epithelial cells of prostate and breast have been used by control. By using exclusive technology, from developing animal tissues we have derived the apyrogenic (assessed by LAL-Test System ((Limulus Amoebocyte Lysate – Endotoxin Testing)) “cocktail”, which (in our opinion) should increase the expression of melatonin receptor MT1A in tissues. Mentioned “cocktail” was used for activation of melatonin receptor genes in cancer cell cultures; besides, melatonin was used in a doses of 0,4mg/kg and 0,8mg/kg. Exposure of adequately marked so called activated cancer cell cultures to melatonin and assessment of its anticancer activity have been done by using ATP-TCA (Tumor Chemosensitivity Assays) method; standart data (of normal tissues) were used by control. Expression of universal nitric oxide synthase (u-NOS) after stimulation of melatonin receptor MT1A expression was studied as well; standart data (of normal tissues) were used by control. Results of research was analysed statistically by using computer program SPSS 12.

Results

Exposure of adequately marked so called activated cancer cell cultures to melatonin and assessment of its anti-cancer activity by using ATP-TPA method demonstrated the following results:

I. “Cocktail” increases by 41% expression of melatonin receptor MT1A in cellular cultures of prostate cancer and by 57,5% in cellular cultures of breast cancer compared to the control data (Fig. 1-2);

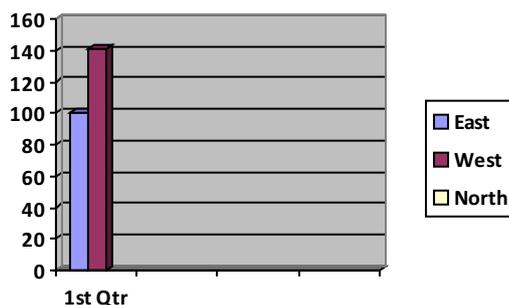


Figure 1. Diagram. “Cocktail” increases by 41% expression of melatonin receptor MT1A in cellular cultures of prostate cancer compared to the control data

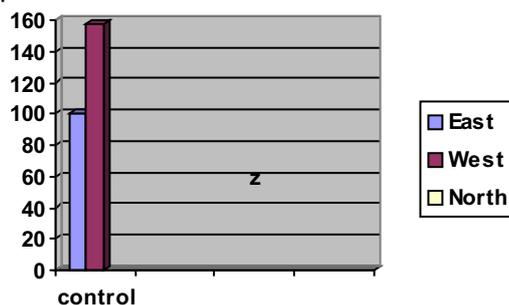


Figure 2. Diagram. “Cocktail” increases by 57,5% expression of melatonin receptor MT1A in cellular cultures of breast cancer compared to the control data

II. Melatonin in a dose of 0,4 mg/kg suppress metabolic activity of prostate adenocarcinoma cellular cultures by 51,4% and mammary ductal adenocarcinoma cellular cultures – by 67,0% compared to standard control (Fig. 3-4);

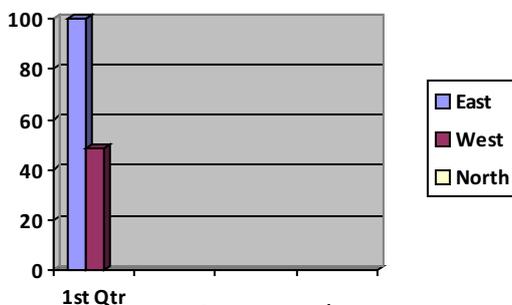


Figure 3. Diagram. Melatonin in a dose of 0,4 mg/kg suppress metabolic activity of prostate adenocarcinoma cellular cultures by 51,4% compared to standard control

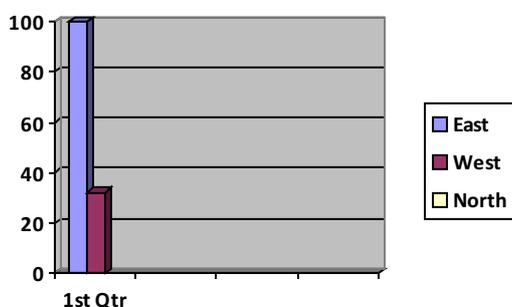


Figure 4. Diagram. Melatonin in a dose of 0,4 mg/kg suppress metabolic activity of mammary ductal adenocarcinoma cellular cultures – by 67,0% compared to standard control

III. Melatonin in a dose of 0, 8 mg/kg suppress metabolic activity of prostate cancer cells (in cultures) by 56,7% and breast cancer cells (in cultures) – by 71, 1% compared to standard data (Fig. 5-6);

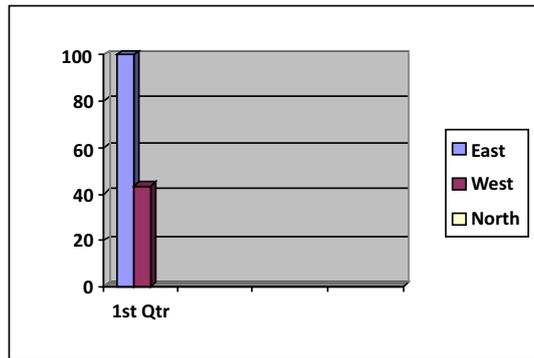


Figure 5. Diagram. Melatonin in a dose of 0, 8 mg/kg suppress metabolic activity of prostate cancer cells (in cultures) by 56,7% compared to standard data

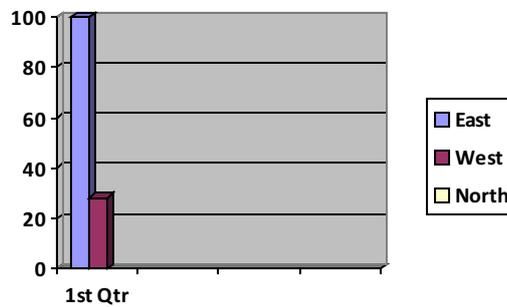


Figure 6. Diagram. Melatonin in a dose of 0, 8 mg/kg suppress metabolic activity of breast cancer cells (in cultures) by 71, 1% compared to standard data

IV. Expression of universal nitric oxide synthase (u-NOS) after stimulation of melatonin receptor MLTA1 expression increases in cases of prostate adenocarcinoma in total 29,7 times and in cases of mammary ductal adencarcinoma 32,3 times compared to control (Fig, 7-8).

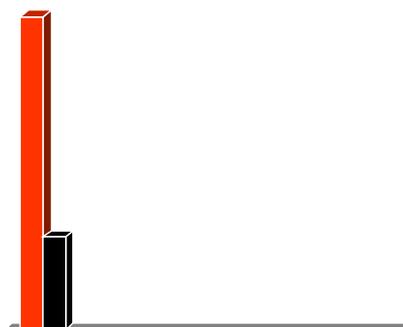


Figure 7. Diagram. Expression of universal nitric oxide synthase (u-NOS) after stimulation of melatonin receptor MT!A expression increases in cases of prostate adenocarcinoma in total 29,7 times compared to control



Figure 8. Diagram. Expression of universal nitric oxide synthase (u-NOS) after stimulation of melatonin receptor MLT1A expression increases in cases of mammary ductal adenocarcinoma 32,3 times compared to control

Conclusion

We suppose that melatonin receptor genes' activation can be effective in the therapy (treatment) against the neoplastic processes.

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The Health Care Reform of Georgia influenced by Milton Friedman's ideas and The New Role of Health Care Financiers, Insurers, Providers, Controllers and Patient's Rights Supporters and Government to organize the managed competition in Health Care Market

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Abstract

Very Brave and also by huge optimistic backed Health Financing Reform, implemented into the Health Care System of Georgia, from 1st of September of 2007 can be entitled as “Privatization of Social Health Care”. Also the Georgian Health Care Reform is defined as very courageous and risky hence it has no analogues around the world. What are the basics of such new revolutionized system of Georgian Health and how new institutions must play their role in the system of Georgian Health Care? Having improved the country's image in the minds of main donors of Georgia the Ministry of Labor, Health and Social Affairs (MoLHSA) and the Government of country started the Health Care Reform Policy towards transformation and minimization the role of social insurance foundation (and State Medical Programs) as the financier of people (final receivers of money in the case of occurred risks and losses) in previous period and increased the role of Private Health Insurance Companies as main players in the health financing market of Georgia. Private Insurance Companies sometimes entitled as “wheels of Georgian Health Care System” and privatized Health Facilities – Hospitals, Polyclinics, licensed health Practitioners as soon as Health Ombudsmen offices and Patients are in real situation main actors of health Care Market. They must shape the market and satisfy patients, but each part of this market lacks special knowledge and experiences and they must be empowered by research based strategies and tactics. Fulbright Professor Kakhaber Djakeli after returning to Georgia from Yale University, the School of public Health has already participated in Georgian Health Care Reform, writing the main concept of Health Care Financing at the Ministry of Labor, Health and Social Affairs (MoLHSA) intends to continue during this project, to research special aspects of markets of Financiers, Insurers, Providers, Controllers and Patient's Rights Supporters with the target to provide high knowledge to microeconomic aspects of Health Care.

Keywords: *Global health; private sector; development; developing countries; science and technology; innovation systems; local health needs; Georgia; Health Maintenance Organization; Managed Care; Insurance Companies; Health Reform Strategy; Health Financing Strategy and tactics; ombudsmen of health care; healthcare market; rules of regulation.*

Introduction

There is a great disparity in global health in the world today. Every year millions of people and especially children from developing world die from diseases that are preventable. The average expected lifespan in developed countries is approaching 80 years and more, while in developing countries it is less than 40 years. The great disparity among countries in the health are created by differences among national approaches or ability of countries to establish well organized and optimal health care system combining both, new international health care strategies, tactics, technologies, techniques and domestic resources. Georgia one of the post soviet developing countries has its hard way of Health Care System Reforming started in 1995 when



the country met a lot of perils after Soviet Union was finally destroyed in 1991 and New Independent States were existed without clear concepts and even awareness what to do to old and new causes of loss exposure. The first Georgian Health Care Reform as such reforms in other developing countries had the target to change what is changeable without clear analyses of macroeconomic of country and predictions of its development. The first Health Care reform built the social insurance Company with the target to manage main risks using State Medical Programs financed by State Budget. Also this reform tried to decentralize very centralized health care system of Georgia, but this target was achieved partly. The Georgian Health Care Financing after reforming had the following form (The figure N 1)

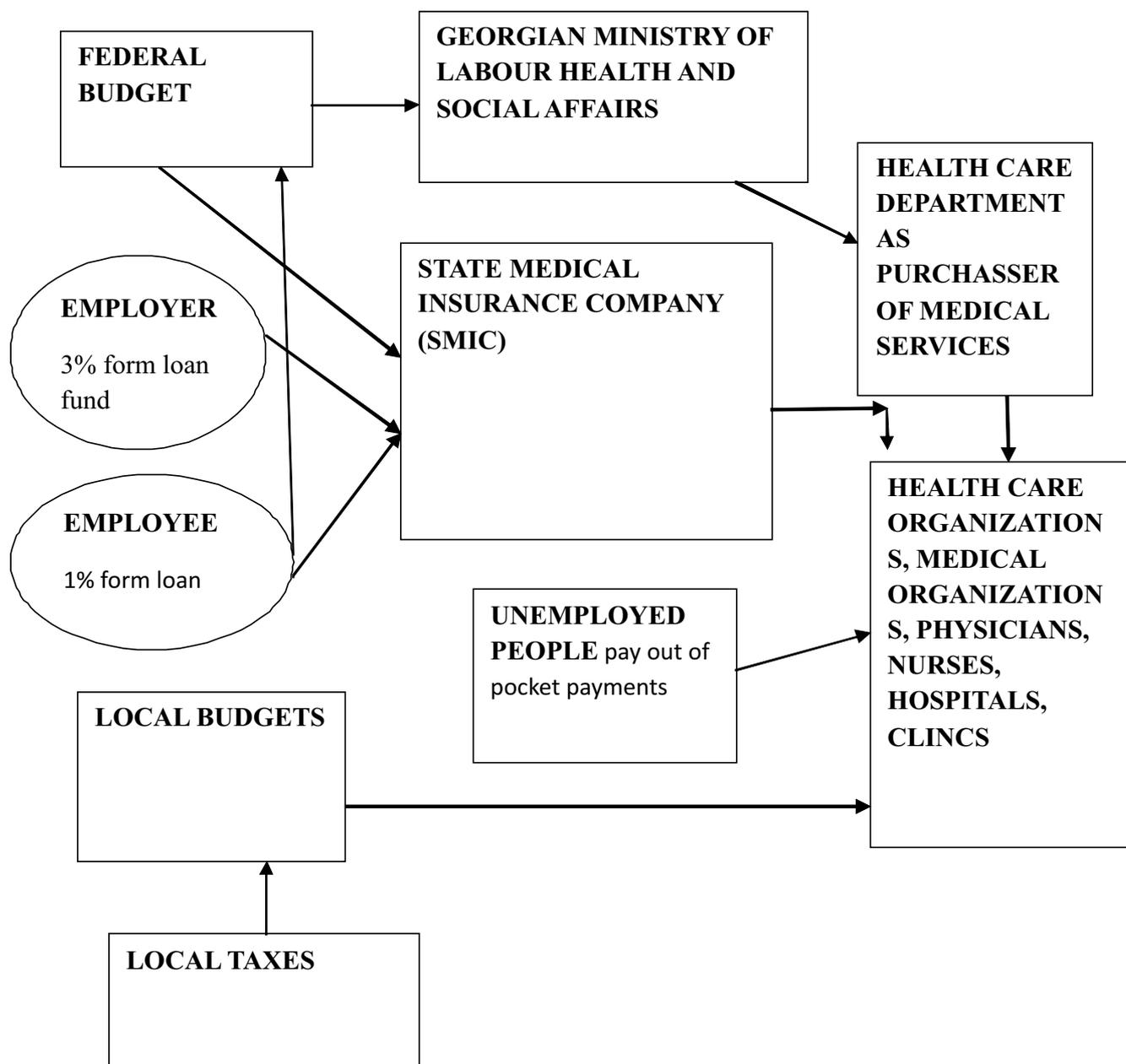


Figure 1: The Georgian health care financing after reform of 1995

Explanation to the figure 1: 1) revenues of the central Budget; 2) Central budget funds the Ministry of Labor, Health and Social Affairs (MoLHSA); 3) MoLHSA funds the purchaser of health care services – the Health care Department; 4) Health Care department contracts and funds health care organizations (; 5) People pay out of pocket; 6) Employee and employer pay social taxes (3+1%) to the Central Budget; 7) The Central Budget funds

the State medical insurance company SMIC; 8) SMIC contracts and funds Hospitals and clinics; 9) Local taxes directed to the local budgets. 10) Local budgets fund some.

The Health Reform in 1995 tried to shift the reimbursement of physicians on the fee-for-service base but it was made with some mistakes and misunderstandings. State Medical Programs being priced with low prices could not be effective; hence it supported only shadow market in health. A set of rates called as the “internal Standards” involved unreal low fees and prices for already expensive medical treatments. Increasing inflation of health care prices made these “internal standards” very unpopular by physicians, hence they could not cover the real expenses of health care organizations. That's why almost all Hospitals, Policlinics, physicians and nurses had gone to the shadow market prices.

Despite the failure of the first Health Care Reform it has some advantages defined below:

Advantages of first Health Care Reform	Disadvantages of first Health Care Reform
<p>a) Georgian health reformers tried to see importance of the public health deciding to develop the public health medicine.</p> <p>b) Reformers tried to establish the social health insurance model for financing the health needs of population creating the basic benefit package and tried to set up the internal standards;</p> <p>c) Reformers tried to make health care system more optimal, meaning that the great number of physicians and nurses, also beds in Hospitals could not be in need.</p> <p>d) Reformers tried to start the privatization of Health Care facilities.</p>	<p>a) The reform crew had not understood the meaning of macroeconomic indicators of country;</p> <p>b) The reform could not establish clear system of decision making.</p> <p>c) After the reform the shadow health care market increased and it was more than 80% of whole health care market;</p> <p>d) Post reform health indicators showing worsening direction and dynamic;</p> <p>e) The reformers could not introduce the quality management in health industry;</p> <p>f) The MoLSHA and SMIC (State Medical Insurance Company) were not able to support the image of Internal Standards in the minds of hospital managers and Physicians, hence the real wages of physicians according this standards decreased tragically.</p> <p>g) The reform could not create institutions able to fight corruption;</p> <p>h) The reform even encouraged the corruption, increasing the Black or Shadow Health Care Market;</p>

Health Care Reform backed by Milton Friedman's Economy

Ideological basic for the Health Care Reforming

It is true fact that Georgian Health Care Reform thinking, started in 2005-2006 was influenced by Prime Minister and economic think tank of Georgian government – Mr. Kakha Bendukidze, who was in the same time key idea designer. The book of Milton Friedman – Capitalism and freedom red by Mr. Bendukidze influenced him so greatly that he with his full power began to offer to government Friedman's ideas for Health Care Financing Reform (author's comment: Bendukidze liked the books of Friedman so much that they became his daily reading literature).

The Milton Friedman's book – Capitalism and freedom gives several realistic places in which a market can and should replace government's regulation. Between different places, Friedman advocates the system of



vouchers for school education and also ending the licensing for doctors.

It can surprise readers but Milton Friedman's ideas about vouchers for school education influenced Georgian Reformers not only in education but also in health care.

To understand the logic flow of Georgian reformers into Health Care it must be emphasized that before Health Care reforming, Georgian Educational Reform involving special vouchers financed by the state, for students who successfully passed the state examinations, was successfully implemented. 5

People who need high education and have good basics receive voucher from the state and it is a key point of Educational Reform. According this government decided to implement the same approach into health and give the voucher to those who cannot afford the payment for the health care but need it very much. This group was entitled as social vulnerable population of Georgia, previously identified by social agency and established special indicators or features for its definition. In Georgia the number of the population below poverty line reaches 33.6%. Out of this only 654 936 persons were registered with “The Database of Socially Vulnerable Families”. Therefore, it was also imperative to improve the registering of “financially insecure” groups and re-examine the criteria for rating.

Targets and Goals and instruments of the reform

The main goal for healthcare financing reform was to ensure the financial accessibility to the medical services for the population. This means to create a system of effective payment for medical service and products that will replace “out of pocket” payment tradition or other types of payments. The main course of the reform was to direct state resources towards satisfaction of health needs for socially vulnerable people.

To accomplish these goals government established the following Instruments and strategies for healthcare financing:

A) Insurance voucher – in order to guarantee accessibility of health insurance and to ensure accessibility to medical service for socially vulnerable people, government produces an insurance voucher. The Voucher is a financial instrument issued by the government for citizens and their families to purchase medical insurance. The beneficiary can choose the provider of medical insurance among Georgian private insurance companies. Having exchanged the insurance voucher against the health insurance policy of insurance company – person can be involved in primary, secondary and tertiary health care inside Georgia.

b) Medical voucher – is an exchange financial instrument issued for citizens. It can be in a monetary, as well as in any other form designed to finance medical service.

During Reforming Government has established Health Purchasing Agency to cover the costs of vouchers after insurance vouchers being collected in the insurance companies. Currently government according this scheme is the premium payer for its citizens from vulnerable group of population.

What rest of society do according to this reform?

The secondary and the tertiary health care services for the category of population have not recognized as vulnerable part of population can be available by private insurance or out of pocket payments in the case of loose exposure. The state intended to ensure universal accessibility to the first level (basic ambulatory care) service for the whole population. This included (a) medical, ambulatory as well as home based consultation for preventive measures; (b) basic functional-diagnostic and laboratory researches that do not require complex diagnostic-laboratory equipments; (c) few invasive procedures; (d) emergency aid; (e) strategies directed towards public health, e.g. immunization.

Public health was a prerogative created by the state. At the same time it is associated with state investment in public health. Public health with its preventive and specific character does not rely on distribution of risks, advance insurance schemes and therefore will be implemented and managed according to a

program. Costs for exceptionally expensive healthcare, especially dialysis and cardiovascular treatment, will come under state program that will reimburse this type of healthcare.

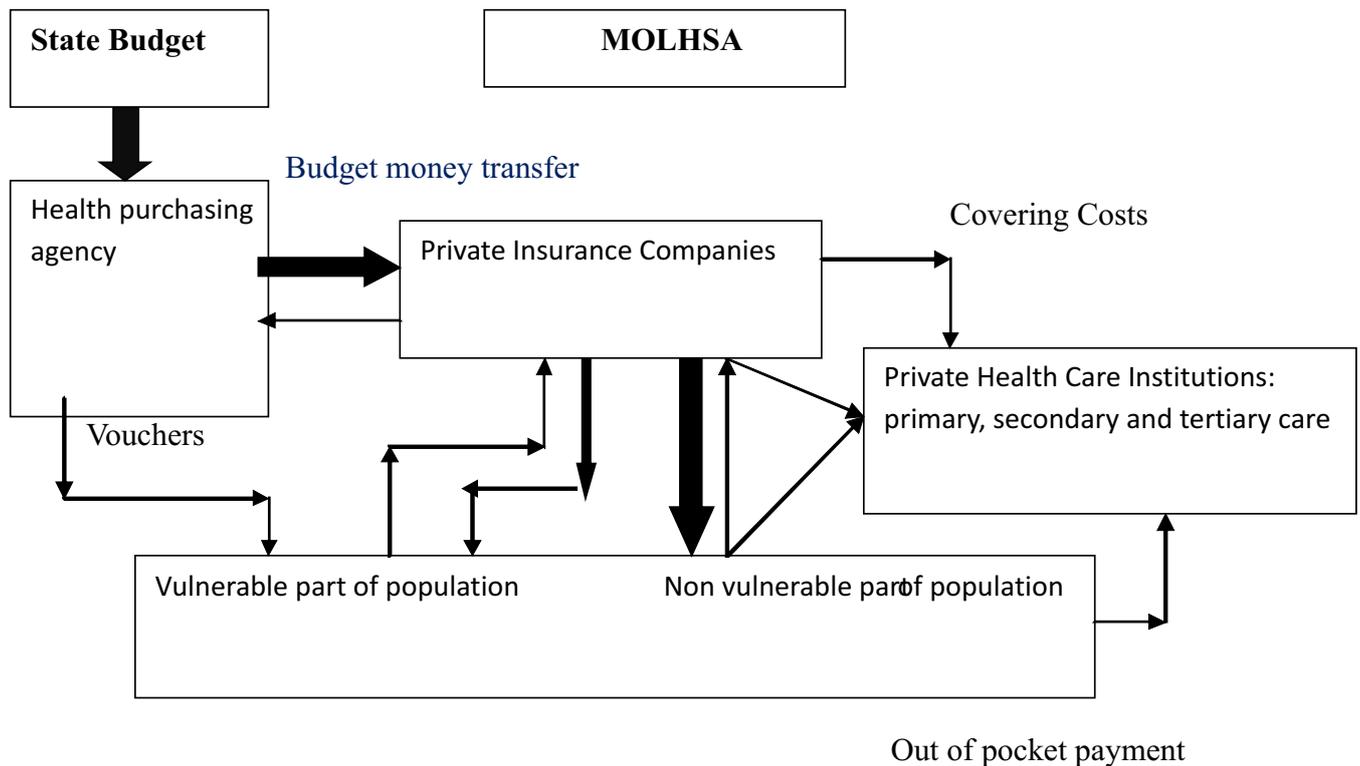


Figure 2: The new model of Health Care financing

The Figure 2 explanation:

- a) Health Purchasing Agency spreads the insurance vouchers among vulnerable population;
- b) Insurance companies on the base of competition attract voucher holders, receive vouchers and give them health insurance policies (voucher holder turns into policyholder) and send to health purchasing agency their invoices to receive the money according number already collected vouchers;
- c) The budget money transfer exists when Health Purchasing Agency receives vouchers from a private insurance company and pays;
- d) Non vulnerable part of population pays out of pocket money or they are private insured by their selves or by their employee;

Criticism of targets of reform and reform technique to achieve targets

Criticism of targets and ideological basics for reforming

First of all ideological basics and targets of the health care reform must be studied through some skepticism and criticism. The Milton Friedman's great book – Capitalism and Freedom is written from the perspective of the United States and was published after world War and nearest time Cold War began. In his book Mr. Friedman supports limited and dispersed government power used in the economy. Promoting economic freedom as the basic for democracy Milton Friedman was suggesting enforcing law and property rights as key factors for economic development. Vouchers in this great Private Insurance Companies State Budget Health purchasing agency

Vulnerable part of population Non vulnerable part of population Private Health Care Institutions: primary, secondary and tertiary care MOLHSA 7 work of 20th century are suggested only for Educational

systems and not for health financing. The medicine is only mentioned during Milton Friedman's critic of Medical Cartels and negative practice of Monopoly in Health Care Markets. According information above, key arguments to criticize Voucher approach into Health Care Financing is the fact that Great Milton Friedman never suggested use of vouchers for financing the health care needs of vulnerable population of country transforming its health economy from Semashko model to market oriented health and having great lack of insurance culture and experienced into health insurance companies, being able to play the role of main managers of health facilities.

Criticism of reform's concept, techniques, strategies and tactics

The main objective of this reform was to satisfy the health related needs of vulnerable population. According the character of this task it is possible to say that this reform was transformation of the part of social politics of Georgia. The realistic picture of the reform shows that reformers, making this transformation were intending to gain success in empirical social policy. It is clear that second health care reform was starting in the phase of total privatization of Georgian health care facilities being at government's hands. Old hospitals and policlinics frequently were very interesting investing objectives by the various types of investors. If we speak about investors it must be commented that most of them were constructing or developing companies pursuing only place of health care organizations. Among investors intending to buy health care facilities were pharmacy companies and insurers too. After the great wave of total privatization health care organizations became new owners, mostly constructors but also pharmacies and insurers. If insurer owns hospitals that means that managed care model has meaningful ground to be developed.

Also this model might to have some proponents among construction companies and pharmacies but government steel have not realized the fact that special legislation and the law about health maintenance organizations was in the need. It was not clear which state medical programs must remain in future and which must be stopped. Despite some suggestions from Georgian Health Economists – governments had forced the reform period rapidly and started its main phase – printing the health vouchers, spreading and managing them quickly.

The first pilot project started in west Georgia – Imereti has shown first problems of the reform. Private Insurance Companies of Georgia started a dirty competition for the vouchers of vulnerable population. Sometimes insurance companies having received the voucher don't want to be responsible for the insured persons. It might be expected that insurance companies in Georgia did not specialized in health insurance would have great problems. The Georgian Insurance companies intending to be the wheels of health care reform can fail in the beginning period of reform. The great sum of health care premiums what must be paid by the government to private health insurance companies can be also lost in the financial labyrinth without any health related outputs for 1.200.000 vulnerable Georgians and also for the country.

To answer the question – were thing done in the right way we must analyze something similar health care reform, being done in any other countries.

Criticism of Government tactics and Insurance Corporations

In 2011 Georgian Government used its “weaponry” to press insurance corporations. The police actions with hidden cameras and arrest of middle level insurance managers showed in Georgian TV was made. According government information some insurance companies tried to hold money received from budget for vulnerable population as an insurance premium not to cover medical expenses of their clients. From one side Georgian government continues to control private insurance corporations from another side Georgian insurance corporations are facing big problems, hence they are losing their image what can affect all insurance market in Georgia.

What lacks Georgian post reform health care System?

What lacks post reform health care system?

a) Georgian government having decided to direct all health budgets to the private insurers intends to accomplish social needs. This can have very dramatic end if private insurers will not realize their new role of social agents. The function of the Government is focusing on payment of health insurance premiums to insurers for vulnerable population. It is still not clear how the Georgian government intends to encourage insurance companies to support the rights of citizens at the insurance company's boxes. ⁸ Also government and MoLHSA lack calculation of fair insurance prices. Georgian private insurance companies in post reform period are not receiving the risk adjusted health premiums. The flat premium was calculated without analyzing of health related risks of vulnerable population. Insurance companies will receive the fixed premiums from government purchasing agency. This one-side pricing without bargaining can encourage private insurers go into business only for rapid profits gained through dirty tricks.

b) The function of insurance companies – Georgian insurance companies according the reform proposals are not encouraging enough to manage the health facilities. Their function is also very similar. How they can compete and what can be main object of competition is not clear. Without the deep involvement of insurance companies into quality control and satisfaction of healthcare needs of their consumers the insurance companies will lose their consumers and it can be begin of the failure of the second health reform in Georgia.

What kinds of approaches are needed?

The Georgian health care system has been reforming already second time during the short period needs concretization of functions of main players. The system regulation only by the government of Georgia is impossible before all institutions accomplish their functional goals, targets and objectives. The Georgian Health Care system model built on the competing private organizations – insurance companies, hospitals and independent practitioners must establish frame and detail strategies for system development. The functions of main players in Health Care built by second Georgian Health care Reform can be classified as following:

Government Function of Georgia - It must be said, that Georgian government has to manage the competition among health care market players consisted by Insurance companies competing for clients and also health care organizations trying are attractive for B2C and B2B relations. If it is clear that market must be manageable but without losing the entrepreneurial soul of private companies competing for profit and in general bringing great benefit, it must be also clear that main goal of Health Policy Makers must be the implementation of the principles of managed competition into health. In the managed competition model government must require from insurance companies to be more sustainable to have long interest benefiting clients. Also government has to find ways to encourages health care organizations to build quality standards, to have good prices, to organize (if it is needed) managed care organizations (what distinguishes managed care from insurance companies is that in the managed care insurance group owns hospitals and employs physicians. Another model of managed care is united medical collectives -POS) to compete not for prices but for better quality for customer.

The principle that encourages health insurance companies and also health providers to compete for quality and not for prices must be installed into Georgian Health Care System.

The government also must regulate private insurers to prevent them risk rating premiums in order to avoid the results of unaffordable premiums for high risk individuals. Substituting the roles of the major manager and major sponsor the government has to develop and encourage the insurability of all vulnerable citizens against health related risks on the base of cost-effectiveness of insurers plus health care organizations. Without high involvement of government and its managerial activities this system could be only the wild market without any civil faces.



The function of Georgian Insurance companies- Georgian insurance companies or insurers must compete on the basis of quality, low costs and appropriate care rather than to seek low risks. In the managed competition model - insurers have also other functions. They must substitute functions of insurance business with the health management of patients and physicians and the purchasing of health services. Income group members can make a choice among Georgian insurance companies offering health policies and special managed care organizations also offering the same service.

Policy recommendations

a) Georgian Parliament and Ministry of Labor, Health and Social Affairs with the insurance companies must develop special laws about Health Maintenance Organizations in different models and rethink methods how to encourage insurance companies to establish managed care organizations and be more involved into health care results and be very responsible for health conditions of patients;

b) Insurance Companies must be encouraged to have regular risk related studies in the scientific base and offer to government their process – risk adjusted health insurance premiums, to be sustainable developing organizations;

c) Government must create the institute of Health ombudsmen and on the base of freedom and independence of this institution create financing of health ombudsmen, protecting the right of patients in different levels and places.

d) Private health care organizations and private health practitioners also must be encouraged to establish their association able to support their claims and bargain for their name against other types of business or government bodies;

e) Patients, voucher holders and health policies holders must be trained very well about solutions from insurance services, information what to do in the case of illness or problem, they must be aware about the valuation of insurance police/service before choosing their insurance company, also insurers and providers of health care must be accessible according some standards created by whole concept of managed competition;

f) The managed competition concept must be developed by health economists and insurers with close relation to health and social committee of parliament and international donor organizations. This concept must combine reform idea and its libertarian basics to methodology of management what is necessary, making achievable best targets of best ideas and avoiding the failures.

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The Influence of the Globalization on the Georgian Medical Safety System

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Abstract

The organization and planning of the modern healthcare system must respond promptly and adequately to the challenges accompanying by globalization processes. The increased population mobility, the risks of international terrorism, epidemics of HIV/AIDS, Tuberculosis, Natural Disasters, Drug Addiction and recently a new challenge of antimicrobial resistance must be addressed of by policy makers in the frame of national, regional and global framework. Georgia, shortly after regaining its independency faced the collapse of its soviet healthcare system and lack of necessary arrangements. During the last few years the government directed its forces to build the required infrastructure and setup the minimum standards which would raise the safety among its citizens. With the support of the international organizations and cooperation with the agencies of the foreign countries Georgia succeeded in certain fields. Some of the problems still must be addressed and its implementation requires involvement of national and regional authorities. In the same time country through its policy choices is determined to achieve the international standards set up within the Millennium Development Goals. Due to shortages, the existing resources should be allocated with the highest possible efficiency.

Definition of the globalization

During the beginning of the 1990 the term “globalization” dominated political, as well as popular and academic discourse. The public life became seriously “affected” by the references to how the “globalization” would affect our lives. It was very often blamed and credited for an incredibly wide range of phenomena. Social problems ranging from famine to floods, from pollution to poverty, and from rural depopulation to urban overcrowding are commonly cited examples of the many effects of globalization on social welfare. Indeed, globalization is now invoked in so many contexts and applied in so many ways to such a wide range of phenomena that a thought need to be given to our definition of this phenomena in the context of public health.

At the core of the globalization lay down the interconnections and interdependencies which transcend the national borders. These processes are not only more extensive in scope than in previous periods of humankind's history but also a speed at which they occur seems to be increasing. The mentioned interconnections bring together geographically distant regions around the globe; as a result we can observe that the events happening in one part of the world are able to produce effects in other parts of it. With the support of the modern mass media communications we are constantly informed and we members of societies are aware of all of these motions, although the amount of the information is so huge that the choice of top priorities becomes a serious challenge.

Historically, globalization was first used in the production management studies to describe the global

spread of production systems facilitated by technological advances in such areas like telecommunications and transport systems in order to control production sites on the other side of the world. Later on the term spread throughout economics and step by step dominated the social sciences while explaining the realities which occur as a result of increasing interconnections of economic, social, political and cultural systems around our globe. We will concentrate our attention to such aspects of the globalization which are connected directly or very often not directly to the health issues. Although, it is not an easy task to put a bottom line and to say with one hundred percent certainty that some areas have no links with the global health problems, because most of them do, although not in a straight line. In most cases a way how we highlight the problems plays a crucial role here, like for instance the case of the international capital flows, for the first glance we deal with the purely economic issues, but when we consider the problem in the context of a pharmacological sector it immediately becomes a subject of the global public health concern, powerful international companies do influence not only the cost of the public health, but also the access and quality. A globalization perspective brings new concerns and subject matter to social policy extending its field of enquiry. The following key elements of the globalization like flows of images, ideas, information and values through media and communications, the international mobility of people for leisure and work, the impact of human activity on the global ecological system and environment, the awareness by the public of global issues, events and risks, the rise of the political actions across borders and directed at supranational forums, in our opinion influence the global public health the most.

From the globalization to the global public health threats in the XXI century

Throughout the history, humanity has been challenged by devastating outbreaks of infectious diseases. Naturally the health threats were before the globalization had even started. Although we can find many examples how the diseases brought from one continent to another once influenced the people's lives and managed to change the history. In this sense the infectious diseases were first which “globalized” while considering geographical mobility of people. It gave a stimulus to develop through centuries the strategies to cope with the existing risks. The first measure was a separation of the sick from the healthy, like it was happening in case of leprosy. The practice became known as “quarantine” and it was widely used in the late middle ages. But the breakthrough came during cholera epidemic in London in the mid XIX century, when due scientific progress, a water sanitation systems were improved which followed the reduction of the risk of the disease, although the cholera remains still a major public health risk in the countries where the sanitation problems persist.

Almost a century before a vaccine for smallpox (considered to be the oldest and deadliest disease) was discovered; the immunization campaign which was followed helped to eradicate the disease. Unfortunately the invention of vaccines and antibiotics did not mean that the battle with the diseases was over. Today's highly mobile, interdependent and interconnected world provides as many as possible opportunities for the rapid spread of infectious diseases, radio-nuclear and toxic threats. Infectious diseases are now spreading geographically even much faster than at any time in human history. According to broad estimations, every year more than 2 billion people travelled with the airlines; epidemic in any one part of the world is only a few hours away from becoming an imminent threat somewhere else. Unfortunately the infectious diseases are not only spreading faster but they additionally appear to be emerging more quickly than even before. Since the 1970s, newly emerging diseases have been identified at the unprecedented rate of one or more per year.

The international community today faces the following main health threats:

1. Epidemic-prone diseases like Cholera, yellow fever and epidemic meningococcal diseases which made a comeback in the last quarter of the 20th century, Severe Acute Respiratory Syndrome (SARS) and avian influenza in humans, Ebola, Marburg haemorrhagic fever and Nipah, drug-resistant tuberculosis (XDR-TB) virus, diarrhoeal diseases, hospital-acquired infections, malaria, meningitis, respiratory tract infections, sexually transmitted infections with leading Human Immune Virus all of these pose threats to global public



health security, and raise new scientific challenges, additionally in many areas the risks of the infectious diseases are seriously jeopardized by the spread of antimicrobial resistance.

2. Foodborne diseases. The food industry underwent considerable and rapid changes over the last 50 years, becoming highly sophisticated and international. Although the general safety of food has dramatically improved, we face food borne outbreaks from microbial contamination, chemicals and toxins. The international trading of contaminated food between countries increases the risks of spread. In addition, we can observe the emergence of new food borne diseases like of the new variant of Creutzfeldt-Jakob disease (CJD) associated with bovine spongiform encephalopathy (BSE).

3. Natural disasters. Recently we can observe how the climate change especially in the light of extreme weather events together with other environmental and social factors can change the exposure of populations to infectious diseases.

4. Radio-nuclear and toxic treats, bioterrorism. Reliance on chemical processing and nuclear energy calls for public health security measures. Facilities and their products are a potential danger to public health because there is always the possibility of chemical spills, leaks, dumping and nuclear melt-downs as a result of accidents or human and mechanical errors. Since toxic pollution of water and air knows no borders, there is an urgent need for improvement of international standards in the field of early warning systems which could be implemented when some catastrophes happen.

5. Antibacterial resistance. The discovery of antibiotics resulted in the successful treatment of the “untreatable” diseases. The technological progress allowed to minimize the costs of its production and made it accessible for everyone. Unfortunately through the decades of extensive use and over prescribing caused the development of the antibiotic resistance of all major microbial pathogens and antimicrobial drugs. Nowadays, about 70 percent of the bacteria that cause infections in hospitals are resistant to at least one of the drugs most commonly used for treatment. Everyday people's lives are at risk due to non responding treatment. Without the adequate reactions on the world wide scale very soon we can face the same problems which people faced before the discovery of Alexander Flemings in 1929.

What constitutes our security?

There are three main levels of security, a personal security is fulfilled when individual's life and health is not at risk and no objective obstacles exist for self realization, although for the last one only an individual takes responsibility. In order to achieve the first there is a great need for the national security which is one route to ensuring people's security, it is necessary condition although once again national security is no guarantee for the security of all people living in the country. On top of that we have international security which is an outcome of the national securities and greatly depends on the system of national governments and constitutes peace, order and lawfulness within the society of countries. The history showed us that these elements are crossing each other with the globalization processes at the background influencing these interactions and the lives of millions

The World Health Organization and the International Health Regulations

All of these threats require urgent actions. The awareness of the international community led to creation of today's leading health organization known as the World Health Organization which was established on 7 April 1948. For more than half of century it guides the nations toward a greater health security, by defining a human's health as a complete physical, mental and social well being and noting not only merely absence of disease and infirmity. It generates under the one organizational roof accumulated intellectual potential and draws attention to the international health security issues. It engages high-level political interest in addressing those issues. In the same time it demonstrates how health considerations are closely linked to national and foreign policy and security agendas, it guides the international community in global understanding of the

health problems. Its key messages are that threats to health have no borders; investment in health means a safer future; health leads to security; insecurity leads to poor health; being prepared and prompt response improve the international health security.

But the central and historic responsibility for the World Health Organization (WHO) has been the management of the global regime for the control of the international spread of diseases. In order to achieve these goals The International Health Regulations (“the IHR” or “Regulations”) were adopted by the Health Assembly in 1969. Earlier, since 1951 the International Sanitary Regulations had been adopted. In years to come these regulations were several times adjusted. The most recent adjustment took place in 2005. The Regulations entered into force on 15 June 2007. Today, the public health security of all countries depends on the capacity of each to act effectively and contribute to the security of all. The world is rapidly changing and nothing today moves faster than information. This makes sharing of essential health data one of the most feasible routes to global public health security. Although certain conditions should be fulfilled in order to succeed. The opportunities of the fast data exchange should encourage the governments to share the information with others. The policy makers as well as the political decision makers should bear in mind that not addressed health risks can cause a potential damage of national economies through disruption in national trade, travel and tourism. Today's global health security system must be built within international trust and transparency.

The definition of public health as an international concern allows for the inclusion in International Health Regulations of threats beyond only the infectious diseases, but also those caused by the accidental or intentional release of pathogens, chemical or radio-nuclear materials. This extends the scope of the Regulations to protect global public health security in a comprehensive way. Regulations focus on rapid response at the source of an outbreak. They introduce a set of “core capacity requirements” that all countries must meet in order to detect, assess, notify and report the events covered by them. They aim to strengthen collaboration on a global scale through capacity improvement.

Today the global cooperation needs

A creation and adjustment of national and international legislation is needed. On national levels an adequate legal framework is needed to proceed with the international recommendations. Additionally within some domestic jurisdiction and national laws there is a need for the relevant authorities to adopt implementing legislation. The main interest areas include environment, public health, international ports, airports, ground crossings, customs, and food safety, agriculture including animal health, radiation safety, chemical safety, transportation, collection, use and disclosure of public health information. Additionally any attempts of improving the situation will fail if we do not develop the organisational structures responsible for the exchange of information, creation of data base. The strengthening the early warning systems must take place and coordination of scientific research on international level. All of these must be accompanied by rising of public awareness with the respect of democratic values and recognition of human rights.

Georgia, where we are?

The region of present day Georgia contained the ancient kingdoms of Colchis and Kartli-Iberia. One of the republic of the former USSR until its collapse in 1991. Population is around 4 500 000 people, 53% of whom live in urbanized areas. Georgia shares its borders with Azerbaijan, Armenia, Turkey and Russia, and it is considered to play an important crossroad function in the region. During the last 2 decades country experienced 2 armed conflicts which caused the internal displacement of almost 250 000 people. At the moment two breaking regions Abkhazia and South Ossetia are occupied by Russian Federation and are out of control of the central government.



The present and future health challenges of Georgia in a global world

Today, among the main social challenges of Georgian policy makers we find setting up the bases for a modern health protection system which would provide high quality, easily accessible, affordable health services for the whole population. It would be based on the improvement of health system performance and it would manifest in the better health outcomes of Georgian population; increased access of the poorest layers of the society to health services, an improved access of old people (those who in the present conditions would have the problems with the insuring their risks) to health care facilities; financing the health services for the prenatal care, children vaccination, epidemiologically dangerous diseases like TB and AIDS and a guarantee to a health provision for children below 18. By the end of 2010 almost one fourth of Georgia population enjoyed a health insurance.

In the same time, among many problems a one of accessibility emerged in the recent years. After regaining its independency during the first years the old, soviet medical infrastructure without the necessary technical update was completely devastated and did not correspond to the standards of a modern health system. In most cases the costs of renovation of old buildings would be much higher than building from the scratch the new ones. That is why the government elaborated and approved a master plan known as a “100 new hospitals in Georgia” in the framework of which the infrastructure is being built with high standards and taking into account the geographical and demographical characteristics of the country.

Naturally Georgia is exposed to the same risks as the rest of the world. In order to accomplish its tasks the Georgian health system needs to respond quickly to the changing circumstances and react promptly to new risks for instance in the field of infectious diseases. The Country Coordinating Mechanism plays a critical role in fulfilling these tasks. The positive and negative effects of the globalization influence the Georgian reality. As relatively small country, Georgia has a unique chance to have an access to the international know how in the field of medicine and health, meaning free access to information and trainings, medical education.

Existing Local Risks and Threats

Tuberculosis (TB) is the most specific disease among all other public health problems, although it is a curable disease but it kills more than 2 million people worldwide, annually. Into the characteristics of this disease we shall include that it is an airborne infection; most of the untreated cases are fatal; untreated TB patient is a source of infection and transmits disease to at least 10-15 people a year. Treatment of drug-susceptible TB is long-term, and requires 6-9 months. An inadequate treatment causes development of the most severe (often incurable) form of TB as MDR-TB (Multi Drug Resistance-TB) demanding a treatment for an approximately 24 months,.

Early detection and proper treatment ensures successful treatment outcome for almost all drug susceptible TB cases and prevention of resistant TB. Early case detection, treatment, education and other public health interventions are so closely interconnected in TB control, that their separation is impossible. Since 1990s TB control approaches have been standardized under the guidance of the WHO. DOT (directly observed therapy) strategy has been developed and implemented in more than 180 countries.

In 2000 Partnership “STOP-TB” was established. It is a global movement that should accelerate social and political actions to stop spreading TB in the world. The first step made by partnership STOP-TB was the elaboration of STOP-TB Global plan for 2001-2005. Based on the achievements of that period a new version of STOP-TB Global Plan for 2006-2015 was developed. Its purpose is to reduce the TB burden by 2015 through reaching the Millennium Development Goals and targets of STOP-TB partnership. Political commitment and adequate financing are essential for successful implementation of a high-quality DOTS and TB control in Georgia.

TB control is one of the most cost-effective public health interventions. The currently used recording

and reporting system in Georgia is based on the WHO recommendations. Its Improvement requires a unified recording and reporting system in the country (for civil and penitentiary sectors); development of a unified national database for all notified TB cases; integration of laboratory results in the overall TB recording-reporting system.

The absence of Tuberculosis (TB) control in 1991- 1995, as well as, factors, like civil war, regional conflicts, low quality of life, and low TB awareness of the society played a critical role that TB became the major public health challenge for Georgia. TB is most prevalent in population at age 15-44 (males aged 25-44 years and females aged 15-34 years). On average 6000 cases of TB are registered annually in Georgia among which about 4000 is case with no previous history of TB disease. Between 1998 and 2009, the total number of reported TB cases has been gradually decreasing (from 6695 cases in 1998 to 5978 cases in 2009). A decrease of all TB case notification rate is mainly due to decrease of re-treatment TB case notification and can be attributed to an improvement TB case management. Number of never treated TB case notified remains stable, since the reservoir of infected population stays the same. Although new TB cases notification rate remains rather stable for the civil sector, Georgia faced almost doubling in number of new TB cases in prison in 2009. Although the prevalence of multidrug resistance is low compared to other Eastern European countries in Georgia it still proves high burden of drug resistance and represents a key challenge for TB control in the country.

HIV/AIDS. In 1980 the first cases of unusual immune deficiency were found in gay men in the USA; in 1982 Acquired Immune Deficiency Syndrome (AIDS) was defined for the first time (thousands people affected), in 1983 The Human Immunodeficiency Virus was identified as the cause of AIDS (thousands people affected); in 1985 The first HIV antibody test became available (2 millions people affected); in 1987 WHO launches the Global Program on AIDS (4 millions people affected); in 1988 AZT therapy was introduced (4 millions people affected), in 1994 followed Antiretroviral therapy (17 millions people affected); in 2003 The Georgian National Strategic Plan of Action was elaborated (35 millions people affected).

Georgia has identified AIDS and HIV as a priority field back in 1990s, but the progress is commendable over the last 5 years. In the frame of the Country Coordination Mechanism the prevention and monitoring activities take place. The National Strategic Plan of Action serves as the basis for the four successful Global Fund applications. In 2006, the revised National Strategic Plan of Action for 2006-2010 was developed, as a comprehensive and evidence-based roadmap to achieve the universal access to HIV prevention, treatment, care and support. Currently, the new National Strategic Plan of Action for the next 6 years is being developed. The most unique about the Georgian approach towards AIDS/HIV is that, Georgia has become and remains the only nation among the post-Soviet countries to attain universal access to antiretroviral therapy (ART) with the Global Fund support since 2004. Through further expanding a free ART program to the conflict region of Abkhazia enabled a universal access to lifesaving treatment throughout the Georgia's internationally recognized borders. In the same time the country has ensured universal access to voluntary counselling and testing for all pregnant women, and prophylactic ARV therapy for HIV positive pregnant women and their newborns. As a result there were no cases of mother to child transmission of HIV over the last several years. One of the success key of Georgian HIV/AIDS program is the innovative approaches towards implementing effective interventions, including recent establishment of palliative care for chronically ill patients, implementation of home-based ART adherence support program through operation of mobile units, forthcoming launch of HCV treatment program for HIV/HCV dually infected patients, that contribute to improving outcomes and quality of life among people living with HIV. To increase social protection framework for people living with HIV new Law on HIV infection was developed in 1996 and revised in 2000 and 2009.

Although Georgia remains low HIV prevalence country (estimated prevalence <0.1%), set of problems and issues, such as raising drug use and geographic proximity to fastest growing epidemics in Eastern Europe, make Georgia ripe for the spread of HIV. Nowadays Georgia exceeds EU average rate on HIV incidence. The reasons of increase numbers of HIV cases are the high number of drug users in the country (estimated number



of injecting drug users in the country is 40 000); high prevalence of Hepatitis B and C and sexually transmitted infections and high level of migration and immigration in the country. According to the AIDS Centre data, almost half of HIV positives male population was infected out of Georgia and about one fifth of HIV positive women infected in the country were sexual partners of immigrants. Despite the universal availability of ART, outcomes of patients on therapy are not as good as one would have predicted. On average only 80% of patients survive 12 months after commencing ART, with 36-month survival averaging 75%. One of the major underlying causes of the poor treatment outcomes is the late HIV diagnosis. About 45% of newly diagnosed HIV patients have the symptoms of AIDS.

Projects which were implemented in Georgia had prominent effect on achieving progress in control of HIV/AIDS. Because increase in the number of new HIV cases in the country there is a risk of worsening the epidemic indicators. As well as in case of TB increased drug resistance is notified. In order to combat it the early diagnostic and immediate treatment of HIV positives is needed. To achieve this there is a need for a greater cooperation on the different levels of the healthcare system as well as better information of Georgian citizens.

Drug Addiction. In Soviet Georgia, similarly to the rest of the Soviet Union, drug addiction was qualified as a crime and a fight against it was carried out mainly by law enforcement tools, though this by no way ruled out treatment. Customs and border control in the soviet period were strong, opium was produced in certain regions under strict supervision by police and armed forces, and hence the level of drug accessibility and its availability in the black market was low. The situation began to change in the 60-ies (post- Stalin's period): changes in ideology and liberalisation of the law enforcement system in a certain sense “softened” measures taken by the state to control drug supply and thus paved the way for the spread of drug addiction in the Soviet Union, including Georgia. Despite of the growing problem, it was strictly forbidden to openly acknowledge its existence and respond to the problem engaging the public. That considerably limited a potential for its prevention. In this context, the state initiated adoption of the “Resolution of the Supreme Council of the Georgian Soviet Socialist Republic” defining legal liability for the in-take of drugs without doctor's prescription, as well as for the purchase and distribution of drugs. This statutory regulation resulted in a significant reduction in the spread of drugs in the country, and Georgia in fact set a model for other republics of the Soviet Union to follow.

Following independence, Georgia faced difficulties of the transition period: weaken state borders and uncontrolled territories, civil war, high rate of crime, corruption, and crisis of values followed by pessimism in the society, long-lasting socio-economic and political crisis attended with unemployment. All these influenced the rise of an illegitimate circulation of drugs and drug addiction. Today, Georgia is situated on a transit road of heroine from Afghanistan and Iran to Europe (through Turkey and uncontrolled Abkhazia) it seriously affects the level of the availability of drugs in the country, in the same time creates a potential risk in a context of developing tourism and cross border movement of people in the country. The growing domestic demand has a serious impact on the international drug prices and affects the balance of supply and demand. Persisting problems create the risks to the neighbor countries and the international community.

According to the broad estimations and assessment made in 2007 there are 40 000 drug addicted persons in Georgia (Europe 0,5-0,6% of population, 1,5% in Estonia). Among the drug users we can observe a high coefficient of Marihuana usage, according to the results of the European School Survey Project on Alcohol and other Drugs which took place in 2008, 20% of surveyed youth made a drug try. On top of that Georgia is the country of an extensive use of psychoactive drugs. The introduced bill “On Drug Addicted Substances, Psychoactive and Precursors Substances and Aid to Drug Addicted Persons” allowed for a treatment of drug addicted persons, to some extend limited the list of drug addiction substances and finally recognized the drug addicts as vulnerable and ill which is very critical when it goes about the therapeutic activities of drug addicted persons. Earlier the country adopted and recognized of the International Conventions (WHO) Single Convention on Narcotic Drugs, 1961, Single Convention on Psychotropic Drugs,

1971. With a support of the international donor organizations (Global Fund) 14 state programs was established for the drug addicted patients willing to treat themselves (2 programs are fully for free, 12 programs patients pay 10%). Within The Eastern Partnership program frame a performance of customs and border control improved in order to increase the rate of detection of suspicious drug precursors consignments in particular those that can be misused for illicit manufacture of synthetic drugs. When the future challenges are concerned the following steps should be made creation of epidemiologic data base, improvement of information system, cooperation with the European Monitoring Centre for Drug and Drug Addiction and creation of Early Warning System.

The problems described are not the only one, although they express the existence of the global problems in the country, and like the rest of the world are challenges for the Georgian medical safety system. A well defined political course of Georgia like integration with the NATO and EU structures defines top priorities for the coming years. From one side puts the responsibility of the highest standards but in the same time is a chance for a greater integrity with the other countries. The most important message for us is that the globalization processes are constant and demand a prompt reaction.

