

A Poliheuristic Approach: Azerbaijan, Pipeline Politics and Smoldering Conflicts

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Abstract

It is known that Azerbaijan is currently the fastest growing economy of the South Caucasus due to its natural resources, however, it is still struggling with ethnic tensions and experiencing troubles normalizing its ties with neighbor Armenia. In recent years tensions have sprung up again after fifteen years over the former Soviet oblast Nagorno-Karabakh. This paper will explore the reasons for decision-makers, in this case Azerbaijan's president Ilham Aliyev, when making decisions that might seem irrational from an outside perspective. Using Alex Mintz' Poliheuristic theory of the decision model from 'Applied Decision Analysis: Utilizing Poliheuristic Theory to Explain and Predict Foreign Policy and National Security Decisions' in 2005, I will make an attempt to come to an understanding of, and explain, Azerbaijan's President Aliyev's decision to refrain from using force regarding Nagorno-Karabakh after 1993, and assess the possible use of force in the near future.

Keywords: Security, Conflict, Decision-Making, Policy, Poliheuristic, Foreign Policy, Azerbaijan, Armenia

Introduction

While being the fastest growing economy of the South Caucasus due to its natural resources, Azerbaijan is still struggling with ethnic tensions and experiencing troubles normalizing its ties with neighbor Armenia. In at least nine speeches in 2010 president of Azerbaijan Ilham Aliyev warned that a full-blown war over the breakaway region of Nagorno Karabakh might be inevitable in the near future. Meanwhile, Armenia has also made it clear that it is committed to use force when necessary. Tensions have sprung up again fifteen years after a peace agreement was brokered between Armenia and Azerbaijan over the former Soviet oblast. However, one should wonder whether a renewed violent conflict over Nagorno Karabakh will favor Azerbaijan's economic situation.

Hence, the Nagorno Karabakh situation and Azerbaijan's energy security strategy provide a contemporary and highly relevant case to examine the relationship between economic security and other forms of state security, such as territorial sovereignty. This paper will explore the reasons for decision-makers, in this case Azerbaijan's president Ilham Aliyev, when making decisions that might seem irrational from an outside perspective. Using Alex Mintz' Poliheuristic theory of the decision model from '*Applied Decision Analysis: Utilizing Poliheuristic Theory to Explain and Predict Foreign Policy and National Security Decisions*' in 2005 (Mintz, 2005), I will make an attempt to come to an understanding of, and explain, Azerbaijan's President Aliyev's decision to refrain from using force regarding Nagorno Karabakh after 1993, and assess the possible use of force in the near future.

Therefore, I will argue that, taking Mintz' model into account, Aliyev's decisions are made in two stages: firstly, the cognitive part; and secondly through rational choice theory. In order to analyze this process properly, I start this paper by describing Azerbaijan's history in relation to energy and the Nagorno Karabakh situation, taking Thomas de Waal and Svante E. Cornell's views and Azerbaijan's national security policy of 2007 as leading sources. Hereafter, I will describe in brief poliheuristic theory and then conclude this paper by devoting

time to analyze the situation, applying Mintz' poliheuristic model on the possible actions Aliyev could take and the possible implications of such decisions, focusing on the Nagorno Karabakh conflict and the current status quo of Azerbaijan's state security.

Unfortunately, due to time and word limitations, I will not conduct a full-scaled discourse analysis. Moreover, in order to come to an objective view of the situation, it would have been advised to also examine the decision making process by the decision makers of Armenia and Russia. However, time limits the scope of this particular research; hence I have chosen to only examine Azerbaijan's perspective. Nevertheless, I do believe that with the information available, I will give a comprehensive overview of both the theoretical and empirical implications of using the poliheuristic model on the Nagorno Karabakh conflict and the energy security issues Aliyev ought to take into account.

1. Background

The ambiguous, complicated and intertwined relationships found in this region call for a detailed and comprehensive description of the Nagorno Karabakh conflict, Azerbaijan's energy position and a quick review of Azerbaijan's National Security policy. Therefore, in the following paragraphs I firstly describe the main aspects of the conflict, after which I will turn to energy politics in the region and conclude with the National Security Policy of Azerbaijan.

After the fall of the Soviet Union, many of the former Soviet Republics and oblasts called for independence and the countries in the South Caucasus made a strong case. Therefore, it was no surprise that Nagorno Karabakh, which was mainly inhabited by Armenians, called for independence from Azerbaijan. Currently, Nagorno Karabakh, a territory which has a history of being ruled over by a multitude of groups – the Persians, the Ottomans, the Arabs, the Azeri, the Russians and the Armenians – is as intractable as ever.

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De facto, Nagorno Karabakh is a lost territory which is officially a part of Azerbaijan but in reality controlled by Armenian proxies after a bloody war between 1988 and 1993. (Cornell 1999, p. 44) The conflict started as an intra-state confrontation in 1988 with the Sumgait event, where 32 people were killed and 197 were injured in anti-Armenian riots near Azerbaijan's capital Baku. (ICB 401) It soon developed into a full-blown war with an interstate dimension in 1991 when Armenia joined the conflict in favor of Nagorno Karabakh. (Cornell, 1999, p. 1) Ever since the Sumgait events and the war over Nagorno Karabakh – a war which took more than 30,000 lives and displaced approximately one million Azerbaijanis – the relations between Azerbaijan and Armenia have been extremely hostile and tense.

However, it should be mentioned that the conflict has a third actor in place which ought not to be forgotten when trying to understand the ambiguity of the current situation. Thomas de Waal, a well-known expert regarding the South Caucasus, describes Russia as being not only involved in the conflict in 1993, but also being the only 'serious mediator' (De Waal, 2003, p. 233). Moreover, although Svante E. Cornell, also an acclaimed scholar regarding the South Caucasus, mentions Russia's contradictory support for Azerbaijan in the eve of the conflict, he describes how it soon became clear that Russia supported Armenia, which is currently still the case (Cornell, 1999, pp. 45-59). Hence, this immensely troubles Azerbaijan's position when it comes to energy security, which will be explained in the following paragraphs.

Although Azerbaijan is known for its oil producing capabilities since 1847 and has since then produced over more than 1.65 billion tons of oil, it was not until 2007 that Azerbaijan had established itself as a sufficient gas-exporting country. Besides the fact that the volumes Azerbaijan currently can export and the prospects of its reserves are not as large in comparison to, for instance, Turkmenistan, it nevertheless remains an interesting alternative for Europe's wish to diversify its energy dependency. (Correlje & Linde, 2006, p. 535) Moreover, the remote possibility that Turkmenistan agrees on a gas-pipeline through the Caspian Sea to Azerbaijan, also appeals to European desires regarding energy diversification. As the pipeline could create a major new route for gas which does not necessarily have to be transported via Russia to Europe. Hence, this will economically greatly benefit Azerbaijan.

Regarding energy, it is important to make the distinction between supply security and demand security. For European countries it mostly entails supply security, as they have to secure their population with sufficient energy, whilst the cut off of energy might well lead to a threat to its population in terms of threats to life and health risks. However, when it regards countries such as Azerbaijan and Russia, it is the demand of energy that entails the security issue, as it is the amount they are able to sell to the buyers that will lead to an increased or decreased economic outcome.

Hence, to ensure the energy demand, there are several factors Azerbaijan has to take into account. First of all, the gas-route via Russia is exposed to several risks. Not only does the possibility exist that Russia might terminate the contract should a violent conflict between Azerbaijan and Armenia over Nagorno Karabakh erupt, as Russia is supporting Armenia, Russia is also known for the 'accidental' explosions of pipelines when they disagree with certain decisions made, for instance the explosion in Turkey on the BTC pipeline (the red and yel-

low route on the map above) on August 6th 2008. Secondly, any instability in the region, such as the August war in 2008 between Georgia and Russia might - and has - diminished European interest and herewith decreased the possible maximization of its resources.

Therefore, when taking the aforementioned situations into account, it is extremely interesting to review Azerbaijan's National Security Policy adopted in 2007, before analyzing Aliyev's decisions with the poliheuristic decision-making model.

The placement of energy security within the National Security Policy is interesting, although as already mentioned in the paper, it is only mentioned in several minor paragraphs while most attention is given to territorial sovereignty and the restoration thereof (National Security Concept of the Republic of Azerbaijan). The clear indication of Armenia and the results of the Nagorno Karabakh conflict are widely stressed as the introduction reads:

"In the early years of its independence the young Republic faced the military aggression of Armenia, internal instability, hardships of a transition period and other serious challenges [...] The most important and vivid example of such challenges is the aggression committed by neighboring Armenia against the Republic of Azerbaijan, as a result of which a considerable portion of the country was occupied and approximately one million Azerbaijanis were displaced or became refugees. [...] The aggression against the Republic of Azerbaijan is a major determinant of the country's security environment and is a key factor in the formulation of the National Security Policy." (National Security Concept of the Republic of Azerbaijan, p. 4)

However, the reason for stability is being labeled as a means for Azerbaijan to create a secure environment for the exploitation of their natural resources. This paragraph follows a section on possible prosperous situations its 'rich natural resources' may offer Azerbaijan whilst being stable and secure. The policy paper clearly tries to find a balance between the main state security threats currently for Azerbaijan currently, as defined by theorist Barry Buzan in *Security: a new framework for analysis*. (Buzan, 1998) Namely, they constitute: a military threat, as a war with Armenia is possible (although not inevitable), a political threat, because the legitimacy of the government is being questioned by the breakaway region Nagorno Karabakh; and an economic threat.

Hence, while being labeled as the main security threats, I will continue this paper by examining decision-makers and why they decide that certain issues are security threats and certain issues are not. Furthermore, I will analyze why leaders decide to use force, or decide to refrain from such action. I will do so with the help of a Poliheuristic model constructed by Alex Mintz. Therefore, the following parts will firstly conceptualize the theory, after which it will be applied to the speeches made by Azerbaijan's president Aliyev's in 2010.

2. Theory

For a considerable amount of time theories in International Relations approached the decision-making process in a rational choice theory manner. According to this theory, decision-makers are being driven as if they were rational actors that equally balance all the options that exist in order to come to the most appropriate outcome in a compensatory (additive) manner. (Mintz, 2004, p. 3) However, empirical evidence has shown that this seems not to be the case. For instance, why did Sadam

Hussein decide to invade Kuwait? A decision that has been labeled by many as irrational. However, it might have been the most logical step for Saddam to take.

Therefore, in order to come to a better understanding of the reasons behind the decision-making process, Alexander Mintz developed a theory in 1993 which combines both the cognitive part of decision-making and the rational aspect, the poliheuristic model. Which can be broken down into poli - many and heuristic - shortcuts. Eric Stern has described it as 'one of the most significant, fruitful and cumulative empirical research program in the area of foreign policy decision making.' (Stern, 2004, p. 108)

According to the poliheuristic theory, decisions are made in two stages. In the first stage, the decision-maker will eliminate certain possible alternative options via the non-compensatory principle when options have a negative outcome on critical - political - dimensions. Thereafter, in the second stage, the decision-maker has a set of alternatives of which he will choose in a more general analytical manner, the rational stage. (Mintz, 2004, p. 3) According to the poliheuristic, the political dimension is always non-compensatory. Hence, leaders will take the measurement of their success into account when deciding on the first stage. Moreover, an uncontroversial and widely accepted idea is that leaders will always try to stay in power. Therefore, this political dimension is non-compensatory in that it will eliminate alternatives that will harm the position of the leader, whether or not there will be possible positive outcomes of the option on other dimensions.

Although there has been some criticisms of the model, for instance, Eric Stern mentions that the model does not explain how problems are detected by decision-makers, He also argues that domestic political constraints are rather more contingent than a general phenomenon (Stern, 2004, p. 110). Moreover, Jonathan W. Keller and Yi Edward Yang add that, although poliheuristic theory of decision making made 'important contributions to our understanding of political decision-making' it neither clarified to which exact level something is acceptable or not for a leader regarding the critical dimensions, nor which different factors form this acceptance. (Keller & Yang, 2008, p. 706)

However, while taking this criticism into account and realizing that the model mainly focuses on the 'back-end' of decision-making as Stern describes it, it will help in understanding the path decision-makers chose to take. Moreover, it is one of the more comprehensive forms that explain the decision matrix of decision-makers, as both Stern and Keller and Yang wholeheartedly support. Therefore, by applying the theory of poliheuristic decision making, the paper will shed light on the relationship between Azerbaijan's energy security policy and the risk of conflict implications in the Caucasus with regard to Azerbaijan's national security policy.

3. Analysis

The focus of this analysis will be on the current Nagorno Karabakh situation, the conflict has been called frozen by several analysts. However, as mentioned by Thomas de Waal in recent articles and lectures the conflict should rather be referred to as 'smoldering', as in the past fifteen years almost 3,000 people have died as a result of fighting on the border. In essence, the Minsk group, the supposedly peace-making meetings Armenia and Azerbaijan have on a regular bases, is regarded by

both parties according to insiders as a 'non-aggression pact' rather than a tool to actually create peace; the parties seem not under the impression an actual solution might be found. (De Waal, 2011) Thus, in other words, the conflict should be regarded as simmering and not as frozen. Therefore, the current situation offers a highly contemporary case to study the behavior of a decision-maker.

In the analysis I have decided to focus upon Azerbaijan's National Security Policy and I have identified the main security threat to Azerbaijan as the 'attempts against the independence, territorial integrity and constitutional order of the Republic of Azerbaijan.' (National Security Concept of the Republic of Azerbaijan, p. 5); from point 3.1 till 3.3. Hence, the fact that Azerbaijan is not in control of Nagorno Karabakh constitutes a major political threat to the state. Thus, this paper will research and assess the possible actions Aliyev might undertake to eliminate this threat and restore control.

First of all, using the model Mintz outlined in his 2005 article 'Applied Decision Analysis: Utilizing Poliheuristic Theory to Explain and Predict Foreign Policy and National Security Decisions', I will firstly identify Ilham Aliyev's decision matrix, which according to the poliheuristic model consists of several alternative options which a leaders has. The dimensions of these options have an effect and the consequence of the adoption of a certain option regarding these different dimensions and the varying levels of importance they might have for the leader will be analyzed. Hereafter, I will weigh the different outcomes and conclude with an overall assessment. (Mintz, 2004, pp. 94-98)

With regards to the Nagorno Karabakh conflict, Aliyev has several alternative options that can be identified: he can either choose to do nothing; choose to use force; or apply sanctions. These options relate to political, military, economic and diplomatic dimensions.

However, the implications of each of the alternative courses are a bit more complicated. Should Aliyev decide to use force, it could have military consequences as Armenia has made clear several times that it will not refrain from use of force should Azerbaijan decide to forcefully incorporate Nagorno Karabakh back into their territory. Armenian president Serzh Sarkisian stated in November 2010: "I have no doubt that if the time comes, we will not only do again what we did in 1992-94, but will go even further and solve the issue once and for all; the issue will be closed for good." (De Waal, 2011)

Moreover, it will have economic consequences too: war itself is costly. Moreover, even if Azerbaijan should succeed in regaining control over Nagorno Karabakh it will press heavily on Azerbaijan's budget. A quick victory in itself is rather unlikely due to Russia's support for Armenia and Nagorno Karabakh. As seen in the August war in 2008 in Georgia, Russia is very effective in quickly defeating smaller countries in its periphery. However, it ought to be mentioned that Azerbaijan's military spending currently accounts for one fifth of its total budget, growing 50% every year since 2003. (Abbasov, 2010)

In addition, another economic complication, as already mentioned, is the energy security factor. A risk exists that Russia will terminate the gas-contract which was established in 2008, leaving Azerbaijan with only two current pipelines to export its gas via. In addition, those two pipelines are first of all relatively small regarding its capacity and they all go via Georgia. Although Georgia has not experienced intra-state and interstate conflict since August 2008, European countries are

now more hesitant in considering the Caucasus as a route for their energy diversification wish. Hence, the implication of the alternative option to use force might lead to even more hesitation from Europe to secure energy via the South Caucasus routes, as all three countries would then have experienced violent conflicts in very recent history.

Moreover, diplomatically the use of force could also have negative implications, as in general the violent tactic to incorporate a lost territory back into once sovereign borders is not widely respected by the international community. This is especially so when peaceful talks are in process, which is believed to be the case with the Minsk group.

However, besides military, economic and diplomatic implications there also exist political consequences. In this particular case, the implication of the use of force should be regarded as relatively positive. Public opinion and the ruling elite have a common understanding: ultimately, that the ultimate goal is to re-incorporate Nagorno Karabakh into Azerbaijan, not only because of the displacement of more than a fifth of Azerbaijan's population from the area in and around Nagorno Karabakh during the war in the 1990s, but also because Nagorno Karabakh is widely regarded in Azerbaijan as a vital piece of Azerbaijan's history and culture. (De Waal, 2003, p. 3)

With regards to the possibility for Aliyev not to use force, the following implication will be discussed. First of all, on the military dimension, there will be no to little impact. Armenia has made clear that it will intervene, however, only when Azerbaijan decides to use force. The current situation has given Armenia de facto control over Nagorno Karabakh, hence, there exists no incentive currently from their side to change this situation. With regards to the economic dimension, it will also have little effect. As long as the status quo is being maintained, gas and oil exports will most likely not face any change in terms of the amount that will be sold, nor will it disrupt any future prospects.

Nevertheless, it ought to be noted that the current status quo, the closed border with Armenia and the sensitive ties with Russia, do have negative effects on Azerbaijan in a more general sense, as trade is not fully being optimized due to closed borders thus the lack of free markets.

Moreover, the non-use of force might well have at one point negative implications on the political dimension. As mentioned above, the importance historically and culturally are deeply embedded in both the population of Azerbaijan, and in its political elite. Hence, the current status quo might lead at one point to disapproval of the situation by the elites and the population to such an extent that Aliyev might have to fear its position. However, it ought to be noted that currently Aliyev's position is rather strong.

The implications of sanctions on all of the above mentioned dimensions should be regarded as relatively small. Besides the unavailability of data to support the effectiveness of any sanction in this case, the control Azerbaijan has over Nagorno Karabakh can be regarded so little that it will most likely not have any effect at all. Moreover, the implications on the military, economic and political dimensions will, hence, be minor. As it is the only alternative between not using force and using force, it merely constitutes symbolic politics to perhaps please the population and the political elite.

Therefore, to take all of the above into account, it results into a stalemate for Aliyev as doing nothing will result in a negative implication on the political dimension, whereas using

force will lead to negative implications on all the other dimensions. In order to assess which steps Aliyev might take, it is also of importance therefore to realize which dimensions have more weight; which are non-compensatory.

The poliheuristic approach assumes that there are several dimensions which are critical to the decision-maker, meaning that there exists an asymmetry in the importance of the different dimensions. Mintz argues that the political dimension is always non-compensatory in foreign policy decision-making (Mintz & Geva, 1997, pp. 81-102), as leaders first want to satisfy the direct importance of staying in power, after any economic or diplomatic dimensions come to mind. Assuming that leaders wish to stay in power, an assumption which is not very controversial, the political dimension will mainly be concerned with this.

Considering the poliheuristic model in which the political dimension is being regarded as more critical than the other dimensions, the possibility that Aliyev decides on using force at some moment in the near future is not extremely unrealistic. The mentioning of a possible war over Nagorno Karabakh in at least 9 speeches last year exemplifies Aliyev fear of losing political support. Should Aliyev lose the endorsement of the population and elites because of dissatisfaction with the Nagorno Karabakh situation, which is not an unlikely event per se, a full-blown war might indeed not be inevitable.

Conclusion

The conflict over Nagorno Karabakh after the fall of the Soviet Union left great unresolved tensions between Azerbaijan and Armenia, which on an economical level due to Azerbaijan's natural resources has halted the maximization of wealth for Azerbaijan. Another complicated factor has been Russia's influence and neighboring country Georgia, which had to deal with intra-state and inter-state conflicts itself. This has resulted in a hesitant Europe when it comes to their wish to diversify their energy security, which has resulted in the risk of a lower demand for Azerbaijan's natural resources or the South Caucasus as a whole as alternative route energy route from Russia.

However, the current stalemate situation might not remain. Using Alex Mintz' poliheuristic theory, I have assessed that the likely risk of renewed violence in the South Caucasus should not be underestimated. The use of force to incorporate Nagorno Karabakh back into Azerbaijan's full control is not an irrational decision from Azerbaijan's perspective, since the loss of Nagorno Karabakh has resulted in a major security threat to Azerbaijan's political security and the wish to restore this has nationwide support. Whilst the potential implications on Azerbaijan's energy security environment are major, it nonetheless will be of lesser importance to Aliyev. This is especially so when taking Alex Mintz' poliheuristic model into account as a guidance to assess the importance of the different dimensions.

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