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*UNLOCKING THE ASSETS: ENERGY AND THE FUTURE OF
CENTRAL ASIA AND THE CAUCASUS*

SEMINAR REPORT

**SOCIAL, CULTURAL AND RELIGIOUS FACTORS THAT AFFECT THE SUPPLY OF OIL
FROM CENTRAL ASIA AND THE CAUCASUS**

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**"There is nothing new except what is forgotten."
--Mademoiselle Bertin, milliner to Marie Antoinette**

Introduction

For almost a century, the indigenous cultural and economic development of the peoples of Central Asia and Azerbaijan were influenced by the Communist system. Soviet rule affected the societies of the region on every level. It promoted Russification in many spheres such as education, history, language, literature and foreign relations. The imposition of communism was accompanied by the systematic repression of religion and local social institutions and organizations. Scientific atheism and communist party structures were exported as replacements to local value orientations and traditional structures. Industry and other economic activity was also affected as the Soviet's forced regions to specialize activity, destroying economic autonomy.

This process of Sovietization has taken a deep toll on the region's cultures not only because of its long duration but also because it followed a historical legacy of outside influence and sporadic domination through the centuries. The countries of Eastern Europe could draw on institutions and common memory of their relatively recent, though brief, historical experience as nation-states within Europe prior to World War II. The peoples of Central Asia did not have this recent experience of European statehood to draw on. Azerbaijan had a short experience with independence from 1918-1920 that has influenced its development. In Central Asia, subdivisions based upon clan, kinship, village or city of residence and language played a significant role in identity, more than "nationality" in the European sense.

In the earliest days of the breakup of the Soviet Union, leaders of the republics of Central Asia continued --albeit unsuccessfully-- to seek political and economic union with Moscow through the vehicle of the Commonwealth of Independent States (CIS). The populations of the region derived many benefits from the Soviet system, and perceptions existed that Soviet Central Asian Muslims lived better than Muslim counterparts in other parts of the world. Despite racial bias and ethnic discrimination in the Soviet Union, the system did provide upward mobility on the basis of merit, and many Central Asians and Azeris rose to high levels of Soviet society. Social

welfare benefits of being part of the Soviet Union were also pronounced. Medical care, education, and social benefits were superior to many other countries, and this perception served as a counterbalance to the ills of political association.

Against this historical backdrop, the process of cultural reassertion and nation-building remains a complex and arduous task in Central Asia and Azerbaijan. In the Central Asian republics especially, a crisis of identity ensued with independence that has yet to be resolved. The societies of the region continue to reevaluate choices for the most basic components of culture such as language, ethnicity, religion, as well as definition of shared history, social organization and economic systems. This reassessment process, and the factors that influence it, have been accompanied by social and political conflict and, even violence and civil war. To improve understanding of the role culture will play in the region in the coming decades, it is necessary first to analyze the legacies left by decades of Soviet rule. This historical experience provides the context in which the countries of Central Asia as well as Azerbaijan will rebuild their social institutions, cultural identities and autonomous economies.

The aim of this paper is to lay out the trends that are emerging in the cultural development of the newly independent republics of Central Asia and Azerbaijan, beginning with a discussion of the particular influences the Soviet experience has had on culture. Key observations will then follow about changes that are now taking place in the region. It will then be possible to analyze how these trends could affect the development and transport of oil and gas resources and overall stability and geopolitical relations in the Caspian region in the coming years.

It is important to note that the emerging cultural trends that will be highlighted in this paper are by no means immutable but rather will be greatly influenced by future events inside the region and in the surrounding countries. In fact, it is virtually impossible to predict how each society will answer all the questions of nationhood at this very early stage of independence. Moreover, each country in the region faces a unique set of indigenous cultural, ethnic and societal challenges. Broad generalization, though useful, can be misleading.

Despite the tremendous diversity in the region, there still remains certain key findings that hold true to some degree in the majority of the societies under study, which include Kazakstan,

Uzbekistan, Tajikistan, the Kyrgyz Republic, Turkmenistan, and Azerbaijan. These common tendencies serve as a useful starting point for examining the region's future and offer warnings of pathways that need to be avoided.

The following observations about existing cultural trends in Central Asia and Azerbaijan serve as the core findings of this paper:

1) The region has not yet made the political/cultural transition from post-communist rule. New institution building has yet to take root in several of the countries of the area, and virtually all the countries of the region are led by former communist leaders from the Soviet period. This stands in sharp contrast to Poland and other Eastern European countries, and even to Russia itself to some extent.

2) Nationalism in its early stages often took the form of rejection of the manifestations of Russian domination. Thus, a main attribute of identity is currently defined to mean "Not Russian" as opposed to the positive assertion of indigenous symbols and institutions, though in some republics such as Uzbekistan a concerted effort is being made to impose symbols form above. But consensus on indigenous values continues to be illusive in several countries.

3) Ambivalence exists in the region toward the West. There is an openness and receptivity towards Western and American-style ideas, particularly on organizational and commercial matters, and Western technologies are a key point of attraction. But misgivings remain about capitalist intentions and the problems related to any switch to market economy practices. Communist attitudes remain about the extremities of capitalist greed and exploitation, leading to unrealistic expectations concerning what practices and hurdles Western companies will accommodate in the drive to line up business deals.

4) The revival of religion in the region is at a very nascent stage that involves the most basic education of core practices and beliefs. No organized, broad-based monolithic Islamic fundamentalist movement exists to date in the region. The majority of the local populations are largely literate, secular, or even atheistic in their orientation, limiting the audience for extremist religious movements. Foreign religious elements, Islamic and otherwise, are viewed with a high level of suspicion by the local establishment religious authorities. There are no major Iranian-

style movements advocating a shift to a theocratic state in any serious fashion and those that exist are weak in terms of local support. The populations of the region are adherents of the Hanafi school of Islamic Sunni thought that allows for the maximum amount of intellectual discourse, toleration and liberal interpretation of Islamic jurisprudence and tenets.

A split is developing, however, between "official Islam" which lacks vitality but is utilized by local political leaders of basically secular orientation to gain credibility, and followings of home-grown popular, independent, reform-minded Muslim religious leaders. The followings of the latter individuals are gaining momentum.

5) While there appear to be few institutions or groups promoting the spread of political Islam, conditions could develop that would foster the kind of underlying conditions and forces that fuel political Islamic movements. These include: the high incidence of political repression and a lack of democratic processes; visible corruption among members of the ruling elite; an increasingly younger population with diminishing employment and educational opportunities, particularly outside of urban centers; the creation of a new network of mosques and religious schools that could someday serve as an alternative network for political activity against the state; and a growing disparity between the richest and poorest segments of the population.

6) Corruption by indigenous political elites during the Soviet-era was viewed within the context of (and as a pretext for) expression of a form of nationalistic spirit in Central Asia and the Caucasus. As such, it did not foster resentment from the local population. Today, such corruption at the top is creating a rift between the ruling elite and the indigenous population. Corruption in Central Asia and Azerbaijan under the Soviet system was viewed as a means for the local party leaders to "steal" from Russia and give back or preserve economic spoils inside the "nation" of the local republic. Following independence, however, such corruption and the economic mismanagement associated with corruption disadvantages the local indigenous population, particularly in the rural areas. Inflation and the cutoff of Soviet subsidies has hurt the local populations, lowering their standard of living and reducing access to social services in fields such as health and education. Few will make up these losses by finding jobs with Western oil and gas companies or other foreign firms investing in the region.

7) If the institutions of state security, central authority and property rights break down during periods of political transition, populations may gravitate to other sub-national groupings such as ethnic, clan or religious identification to create new networks to provide security and protection. The civil war in Tajikistan was driven by a combination of these tendencies shortly after the collapse of the Soviet central authority, as the more disadvantaged south made a bid to capture a greater share of power from the more prosperous north.

The Legacies of the Soviet Era

Any discussion of the culture of the newly independent republics of Central Asia and Azerbaijan must begin with an acknowledgment of the environment created during seven decades of Soviet communist rule. Although this atmosphere of repression and coercion, colonization, Russian cultural chauvinism, and economic servitude existed throughout the Soviet empire, its application in Central Asia and Azerbaijan took on a particularly virulent force given the history which preceded this occupation.

The history of Central Asia is one that involves a host of overlapping empires of Turanian, Mongol, Turkic and Chinese derivation dominating the region to various degrees of success over the millennia. The first cities of Central Asia were inhabited by Persian peoples. Eventually this Persian base was overtaken by Turkic and Mongol-Turkic tribesmen.

The ethnic landscape of Central Asia was redefined in the Thirteenth century by the invading Mongol tribes who were gradually assimilated into the Turko-Persian culture of the region in the subsequent decades. The direct descendants of the Mongols, the Timurids continued to be further acculturated by the local population. By the early sixteenth century the invading Uzbek armies from the northern steppes under the capable leadership of Shaibani Khan took over the region that had been under the Timurid control until 1598, when the Shaibani dynasty was dissolved. From then until the Russian advances, Central Asia remained unaffected by the outside forces except for a brief Persian annexation of parts of the region by the Afsharids. Apart from this, the region largely escaped foreign domination, yet endured frequent invasions carried out from within by the Turkmens in the west and the Kazaks in the north. The former were descendants of 24 tribes of the Oguz who moved into the region in the eleventh century; the latter were

composed of various nomadic tribes who moved to the Kazak steppe in the tenth and sixteenth century, eventually establishing three tribal confederations of the Greater, Middle, and Smaller hordes. By the end of the 18th century three principalities of Uzbek origin --based in the cities of Bukhara, Khiva and Kokand-- had managed to consolidate their reign over various parts of Turkistan. (Haghyeghi, Olcott)

Russia's imperial army subjugated the Kazakh of the steppes beginning in 1720s and the southern region and its economy beginning in the 1860s, creating main two administrative regions: the Steppes and Turkestan. The Steppes were mainly nomadic territories organized under a patriarchal system of tribal khans and clan elders. In contrast, the sedentary areas of Turkistan (the Amirates of Khiva, Kokand and Bukhara) were previously ruled by despotic khans or emirs and their regional representatives.

The Kazakh experience with Russian colonialism was a bitter one. Death and destruction came to the region as Russia confiscated lands for its own peasants in the late 1800s and early 1900s. The Stalinist program of collectivization also brought suffering the region. Uzbekistan's population struggles under ecological disasters, including the near destruction of the Aral Sea, as a result of Russia's and then the Soviet Union's intervention into the management of the local cotton monoculture economy.

Islam was introduced to the region following the Arab conquest of the early Arab caliphates of the Ummayyad and Abbasid period. The first major Arab success against then Persia came at the battle of Nahavand in 642 A.D, which eventually led to the consolidation of power over parts of Central Asia under the leadership of Qutayba ibn Muslim in the early 700s. Later, a second phase of Islamic influence followed in the area deriving from missionary activity of Muslim Sufi mystics and traders along the great Silk Road.

For the most part, the tsarist administration of the late eighteenth century didn't interfere with local Islamic practices. Russian leaders of the period believed education and exposure to Russian culture and language would naturally create a desire for assimilation and over time weaken the hold of Islam which was viewed by the Russians as an archaic, inferior religion. Under the Catherine II, Tatar clergy were dispatched to the Kazak Steppe to encourage conversion to Islam,

which was believed to help Russian colonial rule. While Islam did not come under direct attack, the Czarist military-bureaucratic structures weakened the hold of traditional authority institutions in the region through the introduction and implementation of various legal and administrative "reforms".

Later, Tartar influence brought with it the jadid movement, which advocated a more modern, reformist version of Islam that included teaching of modern scientific subjects. The jadid philosophy facilitated the development of a more "modernist" version of the religion.

The relative tolerance toward the practice of Islam ceased, however, with the victory of Bolshevism after 1917. However, it is important to note in looking at the treatment of Islam and the Central Asian region generally under Soviet rule, that the policies pursued were directed not just at Muslims or the populations of Central Asia but were applied throughout the Soviet Union. In fact, in some instances, imposition of Communist policies in Central Asia and Azerbaijan were handled more slowly and less comprehensively than in other parts of the empire. However, for the purposes of this paper the impact of these nationwide policies will be analyzed only in as so far as they influenced the development of society in the region of Central Asia and Azerbaijan.

The victory of the Bolshevik party in Russia affected the Caspian periphery in several ways. Among the most prominent, lasting features of communism was its demand that citizens abandon religious belief and practice. Vladimir Lenin's campaign against religion was organized around two strategies: the reeducation of the masses away from traditional religious practice in favor of scientific atheism and the systematic attack on religious leadership and institutions. The process was applied unequally in the early years, but eventually religious courts were banned, religious lands confiscated and clergy and their schools and mosques closed down. The period was characterized by periodic uprisings and massacres.

To cope with the resistance of Central Asia to communist rule, Moscow went beyond religious repression and instituted other strategies that would have cultural ramifications for years to come. School curriculum were transformed to vilify historical regional figures, and alphabets were changed. Stalin's reign took a particularly heavy toll on the region. To begin, by 1924, Moscow moved to reorganize the region into five smaller territorial divisions that crisscrossed ethnic

communities. Boundaries were determined in a fashion to divide major populations between two or more republics, and each territory was encouraged to compete against the others for resources from Moscow (Mandelbaum p 26). The economies of the new republics were integrated with Russia. A debilitating specialization was pressed on each that created dependence on Moscow and other neighboring states inside the Soviet Union and thwarted autonomy in both the economic and political sphere. The legacy of these artificial borders continues to plague the region under independence and thwart the countries from matching nationalism and statehood together in an easy fit.

Stalin's policies of exile and deportation of the so-called 'undesirables', also took a heavy toll on Central Asia and Azerbaijan. Exacerbating tensions created by artificial boundaries was the transplantation of non-Asian populations to the Central Asian regions, estimated in the millions (Naumkin p. 146 for table). According to one estimate, over 15 million immigrants, including transplanted minorities, Russian settlers and Soviet technicians and administrators, moved into the region since the late nineteenth century (Mandelbaum/Olcott). Some of these populations have been the targets of ethnic violence since the region gained independence in 1991. These minorities complicate the political landscape for nationalist leaders.

Stalin's program of collectivization cost the lives of millions of citizens of the Soviet Union and left a deep anti-Russian imprint in Kazakhstan and other parts of the region. Moreover, the brutal party purges of the Great Terror of 1937-1938, which resulted in over 7 million arrests USSR-wide and 1 million executions, deprived the region of its most prominent indigenous Muslim elite, leaving new cadres who would give absolute obedience to Moscow to replace the old guard. (Conquest) World War II brought a brief reprieve for the region as conscription became a higher priority than atheism, but defections from among the region's recruits was extremely high, and when the war ended, hundreds of thousands of Central Asians were deported to Siberia for treason.

Under Khrushchev, the anti-religious campaigns in Central Asia and Azerbaijan focused on the persecution and imprisonment of Muslim clergy that sent Islam underground. Particularly in Tajikistan and Uzbekistan, the secret donations of believers kept alive the practice of Islamic ritual by an underground of clergy.

A study under Brezhnev's era showed, surprisingly, that the younger generation showed more religious proclivity than their elders and prompted Moscow to place a heavier focus on atheistic education and an expansion of the laws against religiosity. The need to move religion underground has affected its mobilization in recent years and until very recently, clergy tended to move from place to place rather than establish a large following connected to a particular mosque or religious center.

Ironically, the early years of glasnost and perestroika brought few gains to the countries of Central Asia and Azerbaijan as several local leaders resisted economic or political liberalization. Instead, as in other parts of the Soviet Union, the region suffered under Gorbachev's "anti-corruption" campaign, and many regional party leaders were targeted for prosecution. Coercion was also used to stop the spread of underground Islam. The Islamic Renaissance party, now a member of the Tajik reconciliation government, was founded in Russia but immediately banned in Uzbekistan, for example.

Unexpected independence in 1991 did not lift the hardships of the Soviet past. Rather, in many cases, independence has aggravated these burdens. In their struggle to assert indigenous culture and identity and forge national consciousness and unity, the countries of the region must overcome a number of barriers left by their Soviet masters. They must 1) deal effectively with the ethnic diversity created by the transplantation of ethnic minorities to hostile, distant regions during the Stalin period, 2) evaluate the role for remaining ethnic Russians 3) reevaluate the merits of continuing with the status of Russian language as the lingua franca, 4) reverse the Soviet-directed eradication of local religious traditions, institutions, leadership and indigenous social customs, 5) undo the reinvention of history and collective experience under the communist program, and 6) institute meaningful economic and market reforms.

Reclaiming Culture, Religion and Identity in Central Asia

The Transition to Post-Communist Rule and Market-oriented Economies

Independence in Central Asia and Azerbaijan for the most part has brought the population of the region a relief from the repression that curbed personal freedoms under the Soviet system.

Ironically, however, few, if any, of the region's societies enjoy the level of freedoms seen now in Russia. Moreover, independence has not brought with it a major shift in political leadership, comprehensive economic reform or an end to political repression as a feature of government in Central Asia and Azerbaijan. Almost all of the region's leaders served in the Soviet regime, and only a few allow meaningful debate or open criticism against their regime. In some instances, leaders of opposition movements have been killed or jailed and certain parties, including those with Islamic orientation, banned from participation in the political process. The most serious violations in this respect have taken place in Uzbekistan where an estimated 72 religious figures, including the leaders of the now banned Islamic Revival Party (IRP) have been incarcerated or killed. The whereabouts of IRP leader Abdullah Utaev and Abduwali Qari Mirzoyev of Namangan have also been undisclosed by the authorities.

Key figures in the region include: Azeri President Heidar Aliev, who was once head of the country's KGB and first secretary of the communist party; Nursultan Nazabaev, who was slated to be the next Prime Minister of the Soviet Union had the break-up not occurred; Saparmurad Niyazov, President of Turkmenistan, who formerly served as head of the Supreme Soviet; Islam Karimov, Uzbekistan's leader, who similarly served in the leadership of the local communist party. Even Askar Akiev, a former physicist who rose to power in the Kyrgyz Republic in relatively popular elections and espouses democratic philosophy, was an establishment scientist under the Soviet system.

All of these republics of the former Soviet Union had quasi-legislatures (ie "supreme soviets") which ultimately served as non-sovereign, rubber-stamping organizations until 1989. Under Gorbachev, new, more democratically-elected legislatures were created for the year or so leading to the break-up of the Soviet Union, except in Azerbaijan where the Supreme Soviet continued to operation. Some autonomy was exhibited by the Azeri Supreme Soviet during this period but new leaders that emerged during that period were eventually forced out of power by communist leaders.

All of the countries now have some form of national legislature but in several countries, notably Turkmenistan and Uzbekistan, these parliaments still serve as rubber-stamping organizations, and dissent is severely curtailed. Uzbekistan and Kazakhstan have large internal security forces,

numbering 15,000 and 20,000 respectively, according the Economist Magazine (Feb 7, 1998 p 16), and Islamic activism is overtly repressed. Mr. Niyazov of Turkmenistan also runs a police state of sorts and practices the politics of totalitarianism, bolstering himself with a cult of personality and exercising absolute authority. Niyazov has worked to improve his image with the population by offering economic perks such as free utilities and free bread.

Kazak society is somewhat more open than its southern neighbors, with more vocal opposition parties and a freer media. However, the new constitution of 1995 greatly increased the powers of the presidency and largely sidelined the legislature. In practice, during the last few years, President Nazarbaev has extended his grip through a handful of loyal henchmen, family members and a graft-based system of rewards. When Akezhan Kazhegeldin was sacked as prime minister in October 1997, for example, neither the cabinet nor the legislature played any role in the process. Mr. Nazarbaev's daughter owns the most independent of media companies, his son-in-law is head of the tax authority and speculation runs rampant that he would like his own son to succeed him as President despite the array of scheduled national elections (Majlis 1999, Presidential 2001). No candidate was allowed to stand against Nazarbaev the last time around despite interested contenders.

Azerbaijan's President Heidar Aliev took power in 1993 following a military coup. The country's has a 125-member National Assembly. Aliev has reshuffled the government several times over the past few months to counteract allegations of misappropriation of funds and other corruption scandals. A recent alleged foreign investment scandal involving Hasan Hasanov, the foreign minister, prompted his resignation in February, in a move rumored to be designed to shield President Aliev's son Ilham, first vice president of the state oil company Socar. Aliev has played a divide and rule strategy with the opposition parties in Azerbaijan. His recent decision to allow former president Abulfaz Echiyev to return to Baku is seen as a public relations move since Echiyev is not viewed as a true political rival to Aliev.

By far, the Kyrgyz Republic has made the most progress toward the establishment of new political institutions. The 313-member Jogorku Kenesh of the Soviet era has been replaced by a 105-member bicameral parliament, elected for a four year term. In contrast to the other Central Asian legislatures, the Kyrgyz parliament has staunchly opposed many presidential initiatives,

and managed initially to delay significantly the reform program that Akaev's government wanted to implement. Akaev is the only Central Asia president to be reelected in a contested election though some repressive tactics were used during the campaign; however, observers say he is moving in more autocratic directions. In particular, a clampdown on criticism resulted in the sentencing of several journalists for the crime of criminal libel.

The relatively slow change-over from communist to newly-styled institutions on the political front is mirrored on the economic front as well. In particular, the process of restructuring, which is the key to a sustained economic development is noticeably lacking. This is clearly the case in terms of the rate of change in Rural Central Asia, where privatization and the removal of state subsidies have devastated the structure of agricultural production in Kazakstan. In Uzbekistan, on the other hand, the state has skillfully disguised its control of the cotton industry, despite massive propaganda as to the privatization of agriculture. Consequently, Rural populations throughout the region continue to sink into deeper poverty. Few of the countries of the region have yet to dig out from the rubble of the collapsing command economy of the Soviet era. Central Asia inherited the institutions of a centrally planned economy, and prior to independence, most important economic activity operated under the control of Soviet "all-Union" ministries based in Moscow.

However, despite the apparent need for external financial assistance to ensure a successful transition to a market economy, Turkmenistan and Uzbekistan remain skeptical of International Monetary Fund advice. Privatization of even small businesses has not yet been broadly implemented in Turkmenistan. In Uzbekistan and Turkmenistan, export crops like cotton continue to be produced in the same fashion as prior to independence, and no progress has been made on the ecological disasters created under the days of Soviet control. Financial reform has also been slow. Most banks remain state-owned in Uzbekistan, for example. Azerbaijan is just starting the process of privatization of its largest state-owned banks but sufficient capital is lacking. Baku has made more progress in the privatization of small and medium size enterprises. There has been an erratic privatization and restructuring process in Kazakhstan and the Kyrgyz Republic as shown by the relatively high levels of foreign investment into these economies.

Another unshakable legacy of the Soviet system is widespread corruption. Graft remains pervasive at all levels of government: import licenses, tax inspections, customs payments, business permits. The commercial sector also has its share: from factories that employ non-existent workers to complicated barter deals that reward each of those in the sales chain. For the participants of the Soviet "second economy" or black market, the need to work within a legal framework with standard business conventions remains relatively incomprehensible. Capitalism is viewed through the prism of Marxist-Leninism with its emphasis on the lawless practices of the great American monopolists during the 19th century.

During the Soviet-era, corruption was a way of life throughout the empire. But, in Central Asia, black market practices and state-industry corruption was characterized by local officials as an early form of nationalism. Like Robin Hood of Sherlock forest, local party leaders and industry bosses conceptualized (and excused) their activities as stealing from the Russians to give to the Azeri, Kazak, Turkmen and Uzbek populations. The most fervent exponent of this patriotic criminality was Sharaf Rashidov, who has become a national hero in Uzbekistan for inflating (on paper) the size of the local cotton crop supposedly being sold to Russia by 25% a year for nearly 25 years. This embezzlement was achieved through the creation of fictitious delivery reports of cotton down the chain of production institutions, storage ventures and transportation agencies to the procurement agencies.

The local populations considered themselves the beneficiaries of such illegal activities. In some cases, funds due to Moscow were actually diverted for local construction, renovation or maintenance of public facilities, and they provided a means of upward mobility for local leaders who would otherwise become the victims of Moscow's practice of unfair underpricing for commodities sent from the region.

In reality, however, both in the Soviet era and since independence, it is frequently the dominant local ethnic group which has suffered the most from economic mismanagement. Ethnic Azeris, Kazaks Turkmen and Uzbeks who live in rural areas will remain the lowest priority sectors. Their meager savings and cash holdings have been wiped out by inflation and bank failures. Their low skill levels will mean that they will be underrepresented on the payrolls of foreign investors or in the oil and gas industries.

The danger could come as oil and gas revenues start to materialize. Corruption at the highest levels in several countries in the region has already widened the gap between the political elite and the rank and file of the indigenous population. As oil revenues increase dramatically, this trend could accelerate, potentially leading to internal instability that could affect the flow of oil from the region. In Azerbaijan, such trends may enhance the population's susceptibility to revolutionary appeals, with foreign "owners" of business and property becoming key targets in a repeat of the 1870s oil rush.

However, corruption in the region does not appear to be as rampant and uncontrollable as in Africa or certain parts of the Middle East. Instead, the region has seen its share of resignations from such scandals, leaving open the possibility for some success in reformist programs and implementation of new institutional systems that promote transparency. In particular, Kazakhstan and Azerbaijan have seen senior officials come under pressure amid journalistic reports and opposition group criticism exposing pay-offs. And economic reform programs can and have discouraged wasteful spending and large-scale corruption. In Azerbaijan, for example, the International Monetary Fund (IMF) ensured that early oil bonuses sent into a special account at the Central Bank be fed into the national budget on a predetermined schedule.

Moreover, given the high degree of literacy in the region and its previously communist experience, there remains a sense of responsibility for social welfare that should serve as a restraining influence on regional leaders.

Religious Identity Resuscitated Despite Years of Promotion of Atheism

One significant cultural legacy left on Central Asia by the Soviets is the dominance of the political culture of scientific atheism and the adulteration of state-sanctified religious practices. It is important to note that this "reeducation" went beyond the secularism of the West where religion was trivialized and sidelined. Soviet policy-makers pursued a path that would not simply marginalize religion, but utterly reject it. Soviet educators offered notions of modernity and the progressive development of civilization as a counterphilosophy to backward religious notions while simultaneously working to eradicate religiosity through all available coercive measures and institutional means.

Among the measures implemented were direct physical attacks against places of worship and education; outlawing of three out of five of the pillars of Islam, that is the key practices of Zakat (charity), Hajj (pilgrimage) and fasting (Oruza) during Ramadan; prohibition of the printing and dissemination of Islamic texts; and attacks against religious leaders including arrest on trumped up charges of murder and embezzlement. These policies were largely successful in achieving ignorance of the most basic knowledge of Muslim beliefs and practices among the Central Asian and Azerbaijani Muslims in certain regions. "Islamic knowledge and orthodox practices survived only minimally in large cities," noted Nazif Shahrani, scholar at the Woodrow Wilson Center for International Studies during a Baker Institute seminar at Rice University in November 1997. "Perhaps there were only a few hundred people who remained knowledgeable about Islam by 1990 in Central Asia."

In effect, claims of Muslim identity by Central Asian natives for the most part became devoid of any meaningful religious content. Rather, an increasing link was forged between being a "Muslim" as a form of cultural identity and as an expression of nationalism by Central Asians against their Russian overlords during the Soviet era.

The post-independence revival of Islamic practices in Central Asia are also tainted with the imprint of former Soviet policies. The integrity of Islamic values and institutions were seriously undermined through the subversion of indigenous Muslim leadership in creating officially constituted Muslim Religious Boards (MRB). The MRBs and their offspring, "Official Islam" presented a conformist, establishment version of Islam that does not threaten the ruling elite. The institutional framework of Official Islam continues today and is used by regional leaders to discredit opposition movements that utilize the Islamic mantle.

The prolonged denial of access to the sources of knowledge about Islamic beliefs and practices has given rise to the development of a "parallel Islam" that encompasses not only Central Asian traditional customs but also certain Soviet practices. As a defensive strategy of keeping Islamic belief alive in Central Asia, the parallel Islam continued to help educate the public secretly within the limits of an atheistic state. But practices such as, folk medicine/healing rituals; pilgrimages to local shrines and extravagant life cycle rituals were carried out under the banner of Islam that included both pre-Islamic and Russian traditions. For instance, Red Weddings were

celebrated in parts of Central Asia where pork and large quantities of alcoholic beverages were consumed despite Islamic prohibitions against both.

As the Islamic revival progresses in Central Asia, the tenets of both Official and the so-called Parallel Islam are likely to be increasingly challenged. But scholars believe it will take years before new movements are able to crystallize into any kind of organized religio-political force. So far, independent Muslim scholars from the region who are teaching and preaching in major cities of the Ferghana Valley and Tashkent have for the most part focused on reclaiming the basic knowledge of Islamic practice through education at the levels of family and community rather than through political activism. Toward the realization of this goal, they have launched some major activities which are expanding at a fast pace. These include reclaiming space for worship (masajid); sustained attention to Muslim's women's' education and participation in congregational prayers; the creation of new mosque schools that also teach secular subjects; and the promotion of formal and informal education. Dissemination of knowledge of fundamental Muslim rituals and beliefs is taking precedence over traditionally structured [forms of offering khutbah (sermon) during Friday prayers. That is, in many mosques in Central Asia, much of the usual sermon in Arabic is minimized in favor of question and answer sessions with the congregation. Questions, ranging from minor ritual matters to important ethical and moral concerns are raised with the Imam (religious leader) during the week or submitted to him in writing before or during the sermon. In Uzbekistan and parts of Tajikistan mixed-dancing and drinking at Muslim weddings is also being replaced by such question and answer sessions, according to some observers. A few popular preachers in the region have been known to amass 10,000 to 15,000 listeners to Friday sermons, an indication of the latent interest underlying the societies of the area. One such clergy was Abduwali Mirzoyev who has been arrested by the Uzbek authorities on his way to an Islamic conference at the airport in Tashkent in August 1995.

Despite the growing interest in Islam in various parts of the region, the Islamic revival is highly decentralized and so far remains separated from the political arena. No organized, broad-based, monolithic Islamic fundamentalist movement exists today in Central Asia or Azerbaijan, nor have charismatic Islamic leaders with political ambitions emerged to rally the indigenous population around a political banner. Indigenous Islamic leaders do not advocate change to a theocratic Islamic state. Their teachings and sermons so far focus on individual or community

dedication to learning the basics about Islam. Even Muslim leaders of the United Tajik opposition such as, Abdullah Nuri and Kazi Turajonzoda have argued that the establishment of an Islamic state is not an their agenda. Moreover, the highly educated atheistic population and Central Asian power elite remain suspicious of foreign Islamic preachers. Several Pakistani and Saudi preachers have been deported from the region.

Alarmists who worry about the "Islamic threat" in the region need to bear in mind that the Islamic revival is at a relatively nascent stage. Moreover, the religious leaders who are gaining followings throughout the region are pursuing differing and for the most part, apolitical approaches toward Islamic jurisprudence, thwarting unification and coalition-building.

The Muslim establishment of in Central Asia, so-called official Islam, and to a large extent, the majority of its practitioners, follow the Sunni Hanafi school. The liberal interpretations of the Hanafi orientation, containing strong emphasis on expediency and rational jurisprudence, allow for the adaptation of customs and traditions of Central Asia. Hanafis argue that a Muslim that believes in God and the prophethood of Muhammed but is negligent in following religious practices is not an infidel.

There is considerable debate whether a growing fundamentalist movement is emerging in the region that advocates a stringent, devotional, puritanical practice of Sunni Islam that mirrors the Wahabi movement as it was founded and practiced in Saudi Arabia. The Wahabi movement rejects the teachings of the Hanafi school and Sufi brotherhoods and condemns saint worship at shrines. Initially Moscow, and now some regional Central Asian governments charge some independent Muslim scholars in the Fergana Valley and in Tashkent as being part of the Wahabi movement. While some of reformist teachings may be similar to Wahabi religious doctrine, debate continues whether any of the region's popular reformers truly receive funding from Saudi Arabia directly or through Pakistani channels.

Wahabism was introduced to Central Asia from India in the early 19th century, but is being utilized as a negative label by Official Islam to discredit reformist leaders. In a recent report in the Kyrgyz press, it was absurdly noted that Wahabism was a "teaching founded by the English intelligentsia in the 18th century in order to divide the solid Muslim world with the aim of

colonization." As the debate over Wahabism demonstrates, the contest for religious followers is being fought to a large extent around whether to reform basic household and lifecycle rituals such as weddings, births and funerals which were so thoroughly penetrated by local custom, as well as Russian/Soviet ritual practices. These particular events were tolerated during the Soviet period because they were labeled as national traditions as opposed to Islamic practices. Now, reformist Islamicist scholars advocate that these rituals, particularly those that encompass the veneration of the souls of dead relatives as well as extravagant and ruinous expenditures, consumption of alcoholic drinks and pork products, are *bida* and *haram*, that is, they violate basic Islamic principles. Establishment Official Islam supports the continuation of ritual practices, saying there is no harm in these cultural practices. This has created tensions between the leaders of official Islam and those who are arguing for Islamic reforms. In the final analysis, official Islamic leaders, threatened by the rigor dictated by reformist Islam, label more movements than justified as Wahabi to contain the popularity of new movements and taint their leadership with the stigma of foreignness in an effort to discredit the legitimacy of reformist movements.

Besides the core Hanafi Muslim practitioners and more stringent reformist sects, there are a wide number of other groups practicing various forms of Islam inside the countries of Central Asia and Azerbaijan. There are Shiia minorities in several areas of Central Asia, and like Iran, Shiism is the majority sect in Azerbaijan. Shiism generally departs from Sunni Islam over the question of succession after the departure of the prophet Muhammed, and even among Shia groups there is disagreement on the issue of succession. In Central Asia, several Shia groups exist, including the Ismaili Shias of the Pamir mountains of Gorno-Badakhshan and the Twelver Shias of Samarkand and Bukhara. Each of these groups believes in a different legitimate heir to the leadership of the Muslim community after Muhammed. These theological differences are virtually irreconcilable. Moreover, there is a strong tradition of Sufi spiritual orders in Central Asia. These orders, which are mystical in nature, also limit the appeal of political Islamic fundamentalist movements.

The existence of this doctrinal diversity so far has limited the political power of Islam as a unifying force in the region. Similarly, indigenous Muslim leaders have generally shunned support or cultural ties with Iranian Islamic movements, which do not mix well with local practices in most Central Asian countries. Even in Azerbaijan where the bulk of Muslims are

Shias, ties with Iran have been strained for generations, and for the most part, Iran has abandoned ideas for religious links and activities with Azerbaijan. Iran has a large ethnically Azeri population in its northern region that is contiguous with Azerbaijan and wants to assure that it does not have to face calls for unification of Azeri peoples on both sides of the borders into an expanded "Azeri" nationalist state.

The processes of reclaiming Islam and Muslim heritage and reconstructing a viable Muslim civil society will take generations. Muslim preachers in Central Asia and Azerbaijan face a highly literate population which is skeptical of the value of religion and well indoctrinated to scientific, irreligious sentiment but aware of the problem of "moral decay" in their societies. It has been argued that the highly literate and youthful population -capable of critical thought-is unlikely to embrace or even tolerate a reactionary and backward looking interpretation of Islamic doctrine and ideology, presenting a major challenge to Islamic activists seeking a shift to a theocratic state.

As the population of the region becomes more educated about Islam, the utilization of Islam for political ends could become more prevalent. But the role Islam will play in the future society is likely to be shaped less by outside influences such as Iran, Saudi Arabia or Afghanistan than by the reaction of local political leaders to opposition to their governments. To the extent that outward political expression and dissent is repressed by dictatorial regimes and driven underground, the growing network of mosques and madrasas that are emerging in the region provide an efficient, alternative framework for organization of opposition movements and a forum for mobilization. A growing disparity between the richest and poorest segments of the population, combined with blatant government corruption, could exacerbate this tendency and fuel support for Islamic movements as has happened in several countries in the Middle East. Outward manifestations of dissent by the unemployed and pensioners have become clearly visible in Kazakhstan and Kyrgyzstan in the form of small-scale demonstrations. The governments' inability to pay wage arrears also has the potential to trigger large-scale protest if not addressed properly.

If the regimes of Central Asia continue in their present path of intolerance towards Islam and economic deprivation becomes worse for large segments of the population, serious problems could emerge in the region. For now, most governments in the region are denying Islamic

political parties access to the political process, and Islamic activity is being forced underground. In Tajikistan, there is a chance that the Islamic Revival Party may be reinstated before new elections are held at the end of 1998. Only in Azerbaijan a nascent Islamic party has been allowed to operate and even in this case, under certain constraints but it is not popular given its links to Iran.

If Islamic awareness spreads and religiosity blossoms, the new network of mosques and madresas could similarly serve as an alternative network for political activities against state elites. Indeed, already Islamicists are stepping in to fill the vacuum left in education and other areas of social welfare by the departure of Russian elite and teachers, highlighting the need to overhaul the educational system in countries like Kazakstan and Uzbekistan.

However, the long-term threat to the stability of the region may not come at the hands of the expanding religious elite but from the repression and intolerance experienced in the political culture that exists today in most of the countries of the region. Without institutional frameworks for the expression of dissent, underground Islamic movements or nationalist movements could eventually serve as an outlet for dissatisfaction concerning issues of social justice, economic stratification and widespread government corruption. Oil revenues, if not distributed broadly, could exacerbate this tendency by fueling resentment as the populations absorb disappointed expectations.

At the present time, anti-Western feeling in Central Asia is rather minimal. America still appears as a counterweight to Russian hegemony, and Western oil companies, though tainted with the hue of anti-capitalist sentiments, are still perceived as a key force toward future prosperity. However, to the extent that oil revenues do not contribute to the general public good and Western companies become associated with the political repression, graft and wastefulness of the ruling elite, opposition groups --Islamic or otherwise-- may begin to see oil interests as a detriment to their cause. Under this scenario, such groups might focus terroristic attacks on oil export pipelines and other facilities and Western personnel, rendering Central Asia an insecure supplier. For this reason, Western companies and governments are better advised to be identified with broader policies such as access to export routes, economic development and social welfare programs, than with any individual leaders.

Culture as a Rallying Point

Those who worry that cultural factors such as religion or ethnicity will cause a major breakdown in regional stability often point to the civil war in Tajikistan as a model for what could happen if these factors are not held in check by repression or other methods. While cultural factors are likely to play a role in shaping the equilibrium of Central Asia's and Azerbaijan's future, it is injudicious to assume that ethnic or religious differences per se cause conflict and instability. Rather, scholars believe that the institutional vacuum created by the breakup of the Soviet Union and the associated lack of clarity over property rights and clearer definition of access to strategic national economic and political resources are responsible for the devolution Tajikistan society into ethnic violence and civil war. The weaker the societies' institutions of statecraft -combined with severe regional or ethnic economic disparities-- the more serious the devolution that could take place. Thus, it is argued that in the case of Tajikistan, which arguably had the weakest state structure in the Soviet Union, various underprivileged regions mobilized themselves to aggressively try to retain assets or grab assets ahead of other competing groups. This theory would have positive implications for the region for it would imply that as norms are developed and institutions formed that broaden citizens' participation in the political process and their rights of equal access to state and societal resources, conflicts based on regionalism, ethnicity and religion will ease.

In the case of Tajikistan, the country lacked state authority once deprived of the framework of the Soviet power system. Without the protection of the institutions of the state, people fell back on other existing, geographically-determined networks of mobilization. The opposition to the communist regime in Tajikistan was a sort of Islamic-social democratic alliance that found most of its support among people from the southern regions of Garm and Pamirs. These groups had had been excluded from power by the northern Leninabadi "clans" who had tightly exercised political and economic control under the communist regime.

Initially, the war in Tajikistan served to feed fears of an Islamic threat to the region and was used to legitimize authoritarian practices by the regimes of Central Asia, particularly in Uzbekistan. But it remains unclear whether Islamicist forces mobilized in Tajikistan could really extend their influence in any meaningful sense. Yet while an Islamic threat from Tajikistan seems unlikely,

the country's problems still bear watching. The conflict has promoted the growth of weapons trade and drug smuggling up from Afghanistan into the heart of Central Asia, and this factor remains a potential source of instability for the region. One possible scenario for the future could be the emergence of conflict over smuggling routes among various Mafia groups and that such a clash could escalate into interethnic violence.

The case of Tajikistan is interesting in so far as Islamic affiliation or sympathy was used as a vehicle to mobilize a relatively excluded group from the political and economic spoils. "The Tajik civil war was not caused by Islamic preaching or by Islamic politics," notes Barnett Rubin, director of the Center for Preventive Action at the Council on Foreign Relations in New York. "It was caused by other factors and some groups mobilized themselves around Islamic ideas and organizations in response to that. The conditions that led to the Tajik civil war don't exist in Uzbekistan or any other country in Central Asia."

The Threat of Ethnic Separatism

The experience of Tajikistan highlights the potentially destabilizing effect of simmering ethnic and religious tensions during times of political insecurity or economic hardship and under conditions of poorly defined government institutions. Old hatreds and resentments continue to lurk from the Stalinist period when the displacement of peoples, mismanagement of natural resources, and division of lands brought hardship on many groups. Now that the strong hold of the Soviet regime has dissolved, each group is openly searching for "things" it feels was taken from it. A Turkic saying would describe the situation thusly: "Finally the cap has fallen off; now you can see how bald the head is."

All states in the region are formally against any changes in borders or pan-movements. To some extent, there remains a risk that old-guard, former Communist leaders in Northern Tajikistan might still seek links with Uzbekistan if their demands inside Tajikistan aren't met down the road. President Karimov of Uzbekistan has supported a status quo border regime in the region and his continued cooperation remains pivotal. There are ethnic Uzbeks present in relatively large numbers in other Central Asian republics. Should such communities exhibited separatist tendencies with the objective of creating either autonomous regions or even reuniting with

Uzbekistan, it would add to regional instability, particularly given Uzbekistan's status as a leading military power. (Haghayeghi, p. 177) The large Russian population in Northern Kazakhstan also remains a source of instability for Almaty, and President Nazarbaev has instituted a stringent legal framework to severely punish nationalist activities on both sides to stir up interethnic conflicts.

The emergence of large oil revenues in the major countries of Central Asia and Azerbaijan has the potential to foster national unity and diffuse ethnic tensions by improving social welfare for all groups, thereby strengthening the status of ruling regimes. The region's current leaders are aware of this potential, and their aggressive pursuit of oil development and transport reflects this perception.

However, oil income could actually play the opposite role, if such revenues aren't distributed equitably among competing groups. The danger to the regional governments lie not only in failing to enhance the overall welfare of the nation as a whole but in the fairness of the relative allocation of any increasing spoils. Large-scale wealth accumulation through corruption among top elite and/or income disparities among different segments of the population will aggravate existing ethnic resentments and conflict, rekindling old hatreds and potentially fueling popular unrest and violence. To the extent that oil production or oil transport revenues are perceived as contributing to the relative deprivation of any particular ethnic group by another, then oil facilities or foreign oil company personnel could be targeted by groups seeking to assert their claims through acts of terrorism or violence. This prospect is already influencing the politics of pipeline routing (See Heslin, Soligo papers as part of Baker Institute study).

Increased oil revenues provide another risk to the region as well: oil revenues potentially provide more funds to buy military armaments. As has been demonstrated so clearly in the Middle East, the acquisition of arms by one party will produce a need for comparable equipment by any nearby state that could conceive of that party as a threat. So, in the 1970s, the buildup of arms in Iran under US tutelage led to a comparable elevation of arms procurement by Iraq. Oil revenues fueled this arms race for years, eventually resulting in two major wars in the Persian Gulf region alone within a ten-year period. Both these wars -the Iran-Iraq war of the 1980s and the Gulf War of 1991-threatened the free flow of oil from the Persian Gulf.

Relations among Central Asia and Caucasus leaders are no better than in the Persian Gulf, and some might argue they are possibly worse (Economist Magazine). Speculation has already surfaced that Azerbaijan's future oil revenues could inflame the territorial conflict between Azerbaijan and Armenia over the Nagorno-Karabakh region. Some extremist Armenian groups have indicated a willingness to use terrorism or military means to block Azerbaijani oil exports and assert that Azerbaijan will utilize oil income to buy arms to assert its territorial position. Even those countries without direct military conflicts might feel threatened by a change in the regional balance of power. Uzbekistan, which now boasts the largest military in the Central Asia and aspires to a dominant role in the area, might feel challenged by oil revenue-supported arms acquisitions by its regional rival Kazakstan. Furthermore, Turkmenistan and Azerbaijan until recently have been at odds over the disputed Kypaz or Serdar fields in the Caspian shelf, and both countries will have the potential to arm themselves to a larger extent if oil and gas revenues begin to materialize.

Thus, it remains to be seen whether the influx of oil income will mollify ethnic and historical rivalries in Central Asia and Transcaucasia or aggravate them. Intervention or lack thereof by other powers such as the US, Russia, Turkey and Iran will play a role in this process as will the level of public economic and political participation inside the nations of the region.

Conclusion

The Impact of Cultural Trends on Oil and Gas Development in Central Asia and Azerbaijan

Inside the Central Asian and Caucasus region, it is generally assumed that enhanced oil revenues are needed to maintain the political stability in the intermediate term and the survival of existing regimes over the longer term. It is reasoned that the economic prosperity resulting from the large-scale export of oil will foster national unity in the oil producing states of the region and diffuse ethnic tensions by improving social conditions for all groups, thereby strengthening the legitimacy and political status of ruling elite. The region's current leaders share this point of view, and their aggressive pursuit of oil development and transport reflects such perceptions. The

population also holds high expectations for the benefits that will come from oil and gas development.

However, cultural, social, ethnic and religious trends in the region may render this rosy scenario hard to orchestrate.

The leadership and population of the region favor development of national resources, and for the most part, anti-Western sentiment is not prevalent. There is a general openness and receptivity to Western and American ideas, including commercial business practices and economic organization. But local nationalism could easily be turned against "western interference" from such organizations as the International Monetary Fund. Moreover, there remains a pervasive suspicion of foreign capitalists that could add difficulties to oil and gas contract negotiations. Many in the region believe that Western companies will put up with almost any hurdle, leaving open the possibilities of contract reopenings or cancellations. This could mean that while over the past several years, Western oil companies have been able to conclude major agreements for private investment in oil and gas development along the same commercial lines as in other parts of the world, some parties may not honor such deals to the same degree as other oil producing nations.

Finally, religious, ethnic and other cultural factors could still influence the stability of Central Asia and the Caucasus, and thereby its reliability as an energy supplier. This is particularly true since the land-locked oil and gas producing states of the region will be dependent on neighboring states to provide access to export outlets via pipeline.

The region has not made political and economic transition from post-communist rule. It lacks stable institutional framework for political dissent, equitable distribution of resources, and orderly succession of leadership. In addition, corruption remains a major hold-over from the communist system and threatens transparency and efficiency in the development of local economies.

At present, the revival of interest in Islam among the peoples of Central Asia and Azerbaijan is highly decentralized and so far remains separated from the political arena. No organized, broad-based, monolithic Islamic fundamentalist movement exists today in Central Asia or Azerbaijan,

nor have charismatic Islamic politicians emerged to rally the indigenous population around a political banner. Instead, the process of reclaiming Islam and reconstructing a viable Muslim civil society will take generations.²⁰

But, as the population of the region becomes more educated about Islam, the utilization of Islam for political ends could become more prevalent. To the extent that outward political expression and dissent are repressed by dictatorial regimes and driven underground, the growing network of mosques and madresa schools will provide an efficient, alternative framework for organization of opposition movements and a forum for mobilization. A growing disparity between the richest and poorest segments of the population, combined with blatant government corruption, will exacerbate this tendency.

The danger to oil and gas development could come if oil revenues do not contribute to the general public good and Western companies become associated with the political repression, graft, and wastefulness of the ruling elite. Under those circumstances, opposition groups -Islamic or otherwise-might see oil interests as a detriment to their aspirations. This could prompt terroristic attacks on oil export pipelines and other facilities and Western oil personnel, rendering Central Asia and Azerbaijan an insecure supplier.

Inequitable distribution of oil revenues among competing ethnic groups in the region could also fuel continued or even accelerated ethnic unrest which could similarly negatively impact the steady flow of oil exports. To the extent that oil production and oil transport revenues are perceived as contributing to the relative deprivation of any particular ethnic group by another, then oil facilities or personnel could be targeted by indigenous ethnic groups seeking to assert their claims through acts of terrorism or violence.

Finally, expanded militarization in the region, facilitated by rising oil income, could potentially further destabilize already strained political relations among the states of Central Asia and Transcaucasia, threatening the free flow of oil through pipelines that must cross several nations before reaching the open seas.

For Central Asia to emerge as a secure and promising long-term supplier of oil and gas to the international energy market, it will likely have to address first internal issues of economic

transparency, social welfare reform and political institution building. External influences in regional balance of power rivalries will also play a significant role. Tendencies toward political participation, conflict resolution, economic transparency and military neutrality should be encouraged by the international community and by the major geopolitical actors, such as the US, Russia, Turkey, Iran and Europe involved in the region.