State-Building in Azerbaijan: The Search for Consolidation

Mehran Kamrava

The process of political consolidation in Azerbaijan has occurred largely under the auspices of an emerging system best described as "presidential monarchy." This has taken place following years of political turmoil and the eventual, though gradual, re-establishment of such institutions of the state as the parliament, the bureaucracy, and the presidency. Both constitutionally and practically, the presidency has emerged as the real fount of power in Azerbaijani politics, and, in the process, President Heidar Aliyev has made himself indispensable to the political system. Significant accomplishments in the fields of foreign policy and economics, as well as the elimination of actual and potential rivals in the armed forces and elsewhere, have greatly enhanced Aliyev's powers. State-building and political consolidation have reached such levels that the emergent system is likely to outlive the aging president, whose son is already being groomed as the country's next chief executive.

Nearly a decade after its independence in 1991, the internal politics of Azerbaijan remain woefully understudied. So far, in fact, there have been no studies devoted entirely to the process of Azerbaijani state-building, with most observers of the region turning their

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attention not to the Caucasus but to Central Asia. The few recent studies that concentrate on Azerbaijan mostly examine the on-going Nagorno-Karabakh conflict or questions such as national identity, the position of women, or the importance of oil. To my knowledge, only Kechichian and Karasik, Ochs, and very briefly Hiro, have examined Azerbaijan’s domestic politics. More of necessity than through any fault of the authors themselves, however, the focus of most of these recent publications has been more broad than specific.

This article is intended to fill part of this vacuum by focusing on the processes of state-building and political consolidation currently underway in Azerbaijan. State-building and political consolidation are two mutually reinforcing processes. State-building is the process whereby the various institutions of the state are actually created and made operational. These include everything from the “commanding heights” of power, where the top executive leadership stands at the pinnacle, all the way to “the trenches,” comprised of such officials as tax collectors, police officers, teachers, and other foot soldiers of the state.

Political consolidation takes state-building one step further and occurs in relation to society: it is the process through which state institutions make themselves operational in relation to the different layers and groups within society. Different states have different agendas and capabilities. Thus political consolidation may mean different things for different states, or for the same state at different times. Some regimes simply want to stay in power, others may have strong developmental agendas, while still others may have their capabilities enhanced or reduced over time and thus change their agendas accordingly.


The Azerbaijani state has been able to reconstruct and consolidate itself within the context of a largely depoliticized and demoralized society that is still suffering from the effects of war with Armenia and rapidly declining standards of living. Fragile, indeed fluid, state institutions initially paved the way for the rise of powerful political personalities, one of whom, Heidar Aliyev, assumed the presidency and in turn gave shape to the emerging institutional arrangements of the state. A “presidential monarchy” of sorts has thus emerged, resting on a social contract according to which society’s political acquiescence is guaranteed by a cease-fire with Armenia, the establishment of law and order in Baku and elsewhere, and promises of vast riches through future oil exports. Although the state is far from governing with total impunity, the difficult economic predicaments within which the Azeri people find themselves give state leaders more leeway than otherwise would have been possible. Political consolidation, meanwhile, has assumed a decidedly personalist tone in Azerbaijan, with President Aliyev dominating the state and personifying its larger relations with society.

Methodologically, two points need to be clarified at the outset: the focus on the state as the main area of analysis, and the method of research employed for acquiring sources and information. As already mentioned, the dearth of available literature on Azerbaijan’s domestic politics poses challenges for those interested in studying the country’s process of state-building. I tried to compensate for this as much as possible by relying on two primary sources. The first were newspaper articles in some of Baku’s daily papers, and, to a lesser extent, those published in Russia, made available in English through the Foreign Broadcast Information Service (FBIS). The information thus gathered has been used to construct a narrative of some of the relevant events in the country’s young life. A second source is a series of interviews I conducted with a number of high-ranking government officials in Baku in January 2000. Among them were three cabinet ministers and two deputy ministers. Although in some instances less forthcoming than possible, these officials gave me better insight into the state’s agendas and internal operations.

As for the larger focus on the state, in Azerbaijan as elsewhere, it is a given that the state may not, indeed, be a single actor, with multiple internal interests and Balkanized factions pursuing more or less different agendas. The very concept of a “state,” in both theory and practice, has been questioned by a number of political scientists, who either see the political drama played out in the form of a holistic “system” or, at best, see state “autonomy” significantly curtailed by the countervailing influences of forces from within (i.e. society) or without (i.e. international actors). Others have also called for a nuanced conceptualization of state power, taking into account the potentially equal—if not overwhelming—powers emanating from social institutions, political culture, economic dynamics, and random occurrences. Migdál’s important conceptualization of the “limited state” and the transformative nature of its relations with society should not be

overlooked. Ultimately, what is important is to examine the state’s ability to affect change and to exert power—rooted in its cohesiveness and relative autonomy—in relation to social actors and groups. An otherwise powerless state may still retain sufficient power to govern over a society with even less of an ability to muster up political resistance due to its own internal predicaments. Witness, for example, the politics of post-Gulf War Iraq, where a state whose powers have been sapped by two devastating wars still manages to rule over a society itself riven by fragmentation, poverty, malnutrition, and broken spirits.

It is my contention here that a similar situation exists in Azerbaijan. Even with the signing of the “contract of the century” in September 1994 and hopes of soon inaugurating the lucrative Baku-Ceyhan oil pipeline, Azerbaijan’s geopolitical and international powers may not amount to much, especially in so far as regional power-brokers such as Russia, Turkey, and Iran are concerned. But within the country itself, the state is indeed powerful, in some instances even paramount. Internationally or even regionally, the Azerbaijani state may not have enough clout always to get its way. But in relation to Azerbaijani society, the state has indeed triumphed. A quick glance at the prevailing social malaise makes clear the reasons for the state’s current dominance over society. A World Bank survey in 1996, for example, found that 60% of households are poor, and 20% are very poor (i.e. with food expenditures less than half the estimated amount required to purchase a subsistence food basket). The World Bank also estimates that there are some 250,000 refugees and another 650,000 internally displaced persons (IDPs) as a result of the Nagorno-Karabakh conflict. Combined, refugees and IDPs constitute some 12% of the population. Government officials claim that the war has left some 240,000 Azeris invalid, with another 20,000 killed. The country’s infrastructure, long suffering from Soviet neglect, can hardly cope with the effects of the war and the refugee crisis. Prolonged water and electricity shortages have become daily facts of life, and the trickle of foreign business executives and expatriates has led to the creation of a parallel, “McDonald’s economy” out of most Azerbaijani’s reach. It is not at all certain, of course, that the state’s primacy over society will indefinitely remain in effect. For the time being, however, it is the order of the day. The potential for untold riches accruing from oil revenues is only likely to strengthen the state’s hand in relation to society.

It is within this context that the on-going and entwined processes of state-building and political consolidation are taking place. The collapse of the Soviet system brought

14. The most important aspects of the contract included US $7.4 billion earmarked for investments in Azerbaijan and the expected production of 511 million tons of oil. The contract also stipulated that the production share be divided among several oil companies, principally the State Oil Company of Azerbaijan (SOCAR), with a 10% share, and 17% for British Petroleum, 17% for Amoco, 10% for Lukoil, 9.8% for Pennzoil, 9.5% for Unocal, 8.6% for Statoil, 2.4% for Itochu, 6.7% for Ramco, and 1.7% for Delta. Nasib Nassibi. “The Independent Azerbaijan’s Oil Policy,” (1998) (http://www-scf.usc.edu/~baguirov/azeri/nasibzade1.html). Site accessed on February 20, 2001.
significant disruptions to both social and political arenas: on the one hand, it destroyed the old mechanisms of government, such a “state” as there was; on the other hand, it threw off the rhythm and routine to which society had become accustomed for more than seventy years, however begrudgingly. It took several years for both the state and society to re-build and reconstitute themselves, an endeavor in which the state succeeded faster. Society had to contend first with the war in Nagorno-Karabakh (generally dated from 1988 to 1994) and its lingering effects, still readily manifest today, as far away as in Baku. Having reached a meaningful level of “cohesiveness” in its institutional make-up and its policy preferences, the state has been able to act in relative insularity from societal pressures.

INDEPENDENCE AND CHAOS

Before turning to the question of political consolidation, a brief account of the anarchy that followed Azerbaijan’s independence is in order. This historical narrative is important as it directly shaped the course of the events that followed, the rise and fall of various contenders for power, and the basis upon which most Azeri state institutions are currently based.

On August 30, 1991, Azerbaijan’s Communist regime, headed by Ayaz Mutalibov, declared its independence. Only a few days earlier, Mutalibov had declared his support for the coup in Moscow that had sought to restore the dying Soviet Union. Azerbaijan’s Communist Party was dissolved within a matter of days, but the presidential elections, held within a week of independence, signaled a near-complete continuation of the old political order: Mutalibov was elected as Azerbaijan’s new President by 98.5% of the valid votes cast.

Even prior to independence, the steady disintegration of the USSR had unleashed three dynamics that greatly shaped the course of the coming events. These included a rapid rise in volatile ethno-nationalist sentiments in Azerbaijan, Armenia, and the Azeri region of Nagorno-Karabakh, whose population was made up mostly of ethnic Armenians; a concomitant and steady rise in the appeal of the newly-formed Popular Front party (PF), around which many Azeris, especially in the middle classes and from intellectual circles, began to gather; and a relatively large scale transfer of arms and ammunition from departing, often undisciplined, Soviet troops to civilians. Although in certain circumstances the combination of ethno-nationalism, a populist political party, and armed private militias can potentially work to strengthen the process of state-building—as in Serbia, for example—in Azerbaijan the mix proved quite inimical to the consolidation of any form of central authority.

The Nagorno-Karabakh conflict and its devastating consequences in both human lives and infrastructure have already received considerable attention and need not be


repeated here.\textsuperscript{20} It is, nevertheless, important to remember that the conflict was a product of, and in turn a catalyst for, the intensification of ethno-nationalist feelings on the part of all involved. For Azeris, the human drama unfolding in Karabakh crystallized, albeit in a raw and unrefined form, a strong sense of national and ideological identity which for many decades had not been allowed to evolve. The rapid demise of the Soviet system only deepened the compelling nature of the long-dormant identity. The attack on Baku and indiscriminate killing of Azeri civilians by Soviet troops on January 20, 1990—ostensibly to protect the city’s remaining Armenians from rioting mobs—only reinforced the nativist, emergent nationalism sweeping across the Republic. By the time independence came, “President” Mutalibov had already exhausted his legitimacy in the popular eye long ago, and his championing of Azeri nationalist interests was bought by few outside of his immediate circle. Perhaps Mutalibov’s fortunes would have been different were Azeri forces to score victories at the Armenian front, but there, too, he only met with repeated set-backs and territorial losses. In Baku, meanwhile, the streets belonged to the rising Popular Front, as did numerous lecture halls, university offices, and countless other middle class bastions.

Established in 1988, the Popular Front (PF) was founded and led by an old-time and thus respected dissident, Abulfaz Elchibey, whose credentials included a brief stint in prison in the 1970s for anti-Soviet activities. The PF’s platform largely reflected the ideological dispositions of its founder. A proponent of pan-Turkism, with hopes of the political unity of all Turkic lands from China to the Balkans, and a “typical representative of the intelligentsia,” Elchibey was known “for his closeness to Turkey, a preoccupation with Azeri compatriots in Iran, a somewhat moderate position on the conflict with Armenia, and a conciliatory attitude toward the nomenklatura.”\textsuperscript{21} By March 1992, neither the PF’s popularity in Baku nor the army’s humiliating losses in Nagorno-Karabakh could be ignored. With his administration paralysed by internal bickering and simply unable to rule any longer, Mutalibov resigned from the presidency. A feeble attempt to retake the office the following May through extra-constitutional means proved fruitless, and he eventually fled to Moscow. In the June 1992 presidential elections that followed, Elchibey came out the victor, though only with 57\% of the votes cast.\textsuperscript{22}

Elchibey’s populist nationalism did win him important support among the intelligentsia and the middle classes, but it did not bestow him with either political common-sense or a knack for effective administration. In 1992 within a few months of his election, the new President pulled Azerbaijan out of the newly-formed Commonwealth of Independent States (CIS). While catering to anti-Russian, nationalist sentiments, the pull-out from the CIS was symptomatic of Elchibey’s neglect of larger, geopolitical concerns. Risking the ire of two of his powerful neighbors, Russia and Iran, Elchibey drew his country ever closer, commercially and politically, to Turkey and to other former Soviet

\textsuperscript{20} See Human Rights Watch, Azerbaijan.
republics. Russia now became all the more determined to lend a helping hand to Armenia, which in turn offset the modest territorial gains Azeri troops had made since Mutalibov’s departure, in fact enabling Armenia eventually to occupy as much as 20% of Azerbaijan’s territory, which it still holds. Before long, Moscow appeared to have had enough of Elchibey. In June 1993, Colonel Surat Husseinov, commander of one of the units in Ganje, Azerbaijan’s second largest city, turned his forces away from Nagorno-Karabakh and started marching toward Baku. It did not take much for the coup to succeed; sizing up the odds, Elchibey resigned and handed power over to a caretaker civilian President long before the military column reached the capital. He had been in office barely a year.

Elchibey’s departure paved the way for the ascension of one of his chief rivals, Heidar Aliyev, formerly a Soviet Politburo candidate member and Deputy Chairman of the USSR Council of Ministers. Since his retirement in 1987, allegedly for his lack of enthusiasm for President Mikhail Gorbachev’s glasnost and perestroika policies, Aliyev had lived in his native Nakhichevan, an Autonomous Republic within Azerbaijan. A known name and a savvy politician, the events of the past few years significantly facilitated Aliyev’s ascension to the presidency: Mutalibov had been too close to the Soviet system to have been accepted by most Azeris as a reformed neo-Communist; Elchibey had proven to be politically naive and administratively incompetent; and Colonel Husseinov appears to have been tagged by Moscow as a coup leader but not a President. When new presidential elections were held in October 1993, Aliyev won by a landslide. Colonel Husseinov became the Prime Minister. The official figures of 90% voter turnout and 99% Aliyev votes are, no doubt, inflated. But, in hindsight, the elections can be seen as a means for the Azeris to search for solutions to the seemingly insurmountable difficulties that confronted them at the time. As of this writing, in his second term in office, Aliyev seems successfully to have sold his image as a problem-solver to a sizable segment of the population.

State-Building and Political Consolidation

After several fits and starts, the reinforcing processes of state-building and political consolidation appear finally to have begun in earnest with the presidency of Heidar

25. A thorough account of Elchibey’s presidency and the events leading to his overthrow can be found in Hiro. Between Marx and Muhammed.
27. In a later interview with a Russian newspaper, Mutalibov claimed that Aliyev had convinced Col. Husseinov to become first the PM to acquire the necessary experience for later becoming President, promising to hold the office of the presidency himself for no more than a few years. Within a year, the Prime Minister was dismissed and forced to flee to Moscow. He was later tried in absentia and convicted of complicity in the coup attempts of 1994 and 1995. In 1997, Moscow arrested and extradited Husseinov to Baku, where he is currently in prison.
Aliyev. From October 1993, when Aliyev first came to power, to December 1996, when the last of many attempts to kill the President was uncovered, political instability continued to wreak havoc on the Azerbaijani state. But each time there was a political crisis of some kind—whether in the form of a plot to assassinate the President or an attempted coup—Aliyev defused it and emerged stronger than before. With the “true colors” of more and more of the state’s opponents revealed, those unwilling to abide by the emerging rules of the game, as defined by Aliyev, were successively purged. It is little wonder that, according to the Baku rumor mill, some of the crises which Aliyev had deftly handled appear to have been staged. Whatever their genesis, the upheavals in the President’s first three years in office were blamed on various opposition figures, many of them Aliyev’s former collaborators. By 1997, Aliyev seemed finally to have firmly secured his hold on power. The President could now concentrate more of his attention on reforming existing state institutions to his liking or creating new ones from scratch, and, naturally, staffing them with an increasingly more loyal cadre of technocrats and policy-makers. By October 1998, coups and assassination plots now a distant memory, the President was re-elected to a second term in office, this time by 76% of the votes cast.

Aliyev appears to have pursued a three-pronged strategy to consolidate his political power. These included a series of skillful maneuvers in the areas of foreign policy, economics, and, of course, domestic politics. A full discussion of Aliyev’s foreign and economic policies is beyond the scope of this article. However, in so far as they facilitated the process of political consolidation, they need to be analyzed in terms of their impact on domestic politics.

Foreign Policy

In the foreign policy arena, one of Aliyev’s first initiatives was to negotiate a cease-fire with Armenia in May 1994, under the auspices of the Organization on Security and Cooperation in Europe (OSCE), and to commit Azerbaijan to negotiations in preference over military action as the most realistic means of regaining Nagorno-Karabakh. This commitment to negotiations was based on a number of strategic and political considerations. Strategically, Aliyev realized that his army simply could not defeat the Armenians in the battlefield. Even if Azeri forces could score victories in scattered battles here and there, ultimately, Russia, with its own troublesome Muslim nationalities in Dagestan and Chechniya, would see to it that Azerbaijan’s gains were reversed. Moreover, by relying on negotiations as opposed to warfare, the potential for the emergence of a military hero with political ambitions—another Colonel Husseinov—would be minimalized. In the meanwhile, the President could purge the army of all potential or actual coup plotters—as he did extensively in 1994 and 1995—without exposing the country to further risk of military defeat. Just as important for the President

must have been the economic costs of the war, with an estimated 70% of the national budget devoted to defense expenditures in 1993, the year of Aliyev’s election. The country’s already taxed economy could ill afford this level of spending on the armed forces for any length of time.

Consistent with a commitment to negotiations with Armenia were a series of other diplomatic initiatives designed to strengthen both Azerbaijan’s strategic significance and Aliyev’s domestic position. Although Russia appears to have expected Aliyev to be more pliant than he has been, the new President did, nevertheless, make Azerbaijan a member of the CIS again and has pursued a policy that is less antagonistic toward Russia and Iran and, at the same time, more measured toward Turkey. Aliyev’s frequent state visits to Tehran and Moscow attest to the special significance he accords to his two neighbors’ concerns, itself a radical departure from the foreign policy line pursued by Elchibey. Nevertheless, these and other similar overtures (e.g. agreeing to give both Russia and Iran shares of the revenues accrued through the Baku-Ceyhan pipeline) also seem to be intended to counterbalance Azerbaijan’s new, decidedly pro-Western and especially pro-US, orientation. With the backing and encouragement of the United States, Azerbaijan has flung open its doors to American investors and oil companies, having determined that economic development could best be achieved through relations with the advanced capitalist economies of Western Europe and the US. A similar cultural orientation is also being subtly advocated by the government, emphasizing the European heritage of Azerbaijan, ostensibly as a mechanism to keep those with Islamic tendencies in check.

Economy

Closely connected with the drive to expand commercial ties with the US and Europe has been Azerbaijan’s dire economic circumstances since independence, especially up until the mid-1990s. It was not until after a year in office that the President could turn his attention to the economy, initiating several measures that finally put a halt to its downward spiral. By 1995, Aliyev was secure enough in his position to launch a series of ambitious

32. For a general overview of Azerbaijan’s foreign policy as discussed by Foreign Minister Hasan Hasanov see, Hasanov, Bakinskiy Rabochiy, (Baku)(August 7, 1996), pp. 7–8.
33. This is not to imply that Aliyev has put a halt to Azerbaijan’s very close relations with Turkey. He has, however, taken great care to address some of the concerns that Iran and Russia had in regards to Elchibey’s espousal of pan-Turkic unity.
34. Close commercial and diplomatic cooperation between Baku and Washington serves the interests of both parties, as the United States can also use Azerbaijan as a base for keeping an eye on Iran and, to a lesser extent, Russia. On a related matter, Bulent Aras maintains that Azerbaijan is actively cultivating economic ties with China and Japan to build up its war-torn economy. See his, “Azerbaijan: Far Eastern Friends,” Middle East International, (March 13, 1998), p. 16.
35. A further indication of the government’s attempt to identify Azerbaijan as European is the change from the Cyrillic alphabet to Latin, not unlike, incidentally, a similar change initiated in Turkey by Kemal Atatürk.
36. According to World Bank figures, for example, from 1989 to 1994 Azerbaijan’s agricultural production fell by some 60%, and oil production fell from 13.8 to 9.6 million metric tons between 1987 and 1994. World Bank.
and far-reaching economic reforms, many under the auspices and with the encouragement of the World Bank. Broadly, the government has sought radically to reduce the rate of monthly inflation (from an increase of 29% in 1994 to only 2% by the end of 1995, [and then zero in 1999]); speed up the privatization process and to sell off public enterprises through a voucher system; enforce financial discipline on enterprises by enforcing strict financial conditions; introduce tax reform and institute new taxes, such as value added tax, personal income tax, and corporate profit tax; reform the financial sector through the establishment of accounting and auditing standards, prudential regulations, and the like; and abolish the state’s monopoly over the supply of equipment and material.37 In 1995, Azerbaijan received what was to become the first of a number of loans from the World Bank. Through these loans, the Bank hopes to be focusing on institutional and infrastructural development aimed at broad based growth, employment creation and poverty alleviation. This will be accomplished through nonlending services and operations supporting private sector development, especially public sector reforms to increase the efficiency of the private sector, and social development operations. The latter will concentrate on health, education, social protection, and further integration of IDPs in the Azeri society. The Bank will also, in collaboration with the IMF (International Monetary Fund), maintain an active macroeconomic dialogue to ensure that future oil revenues do not result in adverse production incentives or income distribution effects on the private sector led development it is supporting.38

Clearly, the agendas and interests of the World Bank and the Aliyev government converge closely. In fact, many of the Bank’s loans are specifically intended to create new institutions (e.g. Azerbaijan Rehabilitation and Reconstruction Agency) or to reform and strengthen existing ones (e.g. the Central Bank)—thus facilitating the very process of state-building. There are, of course, lingering structural problems and practical issues involved which no degree of World Bank loans or pre-conditions could overcome. The public sector, for example, remains entrenched, inert, and largely resistant to reforms, prone to corruption and graft at times reaching levels that even Azeri officials cannot ignore.39 In the mid-1990s, before the large-scale adoption of World Bank mandates and requirements, the Azerbaijani government also seems to have had serious problems in effectively managing many of its own policy initiatives. Although partly designed for public consumption, President Aliyev’s repeated harsh criticisms of the cabinet’s handling of the economy in 1995 and 1996 also represented his frustration at a lack of professional management skills on the part of the ministers, including the Prime Minister (at the time

Fuat Guliyev), and an absence of the necessary bureaucratic machinery to implement reforms.40

Like its sister republics across the Caspian, Azerbaijan is banking on the flow of revenues accrued from the exploitation of oil into its economy in the near future. The sense of optimism and hopes of an oil-driven, bright, new future just around the corner is palpable even at the highest echelons of the government. Literally every cabinet-level official I met and interviewed spoke of Azerbaijan becoming a regional economic powerhouse within five to ten years at the most. As Ali Nagiyev, Deputy Chairman of the New Azerbaijan Party and the Minister of Labor and Social Welfare, put it in 1996, oil is “Azerbaijan’s trump card in bigtime politics. If the country does not play this card now, when the times are difficult for it, why do we need it at all?”41 Already, the initial windfalls from foreign investments in the oil sector have led to modest but noticeable improvements in government salaries, services, and pensions. Some civil servants have had their salaries increased by as much as 60% in the last year (25% for teachers). In 1999–2000, the Milli Mejlis (parliament) took up the issue of increasing retirees’ pensions.42

Oil may indeed be a remedy to many of the country’s prevailing economic ills, but it is not a cure-all. In fact, at least in the short run, it may create more problems than solutions. To begin with, regardless of Azerbaijan’s future potential as an oil producer, the country is currently facing acute shortages of fuel and other energy sources for its own domestic consumption, having to look for possible suppliers from outside.43 Similarly problematic are infrastructural inadequacies in dealing with the sudden inflow of massive revenues—everything from a modern banking system to trained professionals and technocrats—thus afflicting the country with what has been called the “Dutch Disease.”44 Among other things, the Dutch Disease diverts capital and labor away from tradeable goods (agriculture and industry) and directs them toward non-tradeable ones (services). In the long-run, it skews economic and industrial development, reinforces the dependence of the economy on a single natural resource, and makes the economic foundations of the state vulnerable to price shocks and market fluctuations. If the intentions of Azeri leaders is indeed to turn Azerbaijan into an “oil state,” they are not doing their own long-term prospects any favor.

Significant reforms and improvements in performance notwithstanding, a number of structural problems continue to plague the Azeri economy. The privatization program has yielded quite uneven results. In fact, the government’s ambitious plan to turn Azerbaijan

into a "nation of shareholders" has largely faltered, and many of the vouchers it had issued for targeted industries have lost most, if not all, of their value. The bureaucracy continues to be bloated and inefficient, undermining economic performance, though, at the same time, providing steady income to otherwise unemployed middle classes. Perhaps most detrimental to economic reform and performance has been lack of transparency, with an estimated 33% of the national budget being spent on unspecified expenses (Table 1). These and other similar grey areas may pose obstacles to the implementation of the kind of structural reforms that international organizations such as the IMF and the World Bank have in mind. So far, however, they have not seriously impeded the project of political consolidation as undertaken by President Aliyev. In fact, as evident by the lingering size of the bureaucracy and the glaring lack of budgetary accountability (as reported in the popular press), the President seems to be intentionally delaying the implementation of full-scale economic reforms due to their potentially lethal political side-effects. The memory of Indonesian President Suharto's overthrow in 1998 and the near disintegration of Indonesia following the large-scale adoption of IMF strictures has not been forgotten by many similar presidential monarchs, Heidar Aliyev included.

### TABLE 1

**Budget of the Republic of Azerbaijan, 1999**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Expenditures</th>
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</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>2,329</td>
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<tr>
<td>Customs</td>
<td>660</td>
</tr>
<tr>
<td>Others</td>
<td>239</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>3,228</strong></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td><strong>3,969</strong></td>
</tr>
<tr>
<td>34.7</td>
<td>maintaining legislative &amp; executive bodies</td>
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<tr>
<td>179.2</td>
<td>maintaining central executive authority</td>
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<td>43.4</td>
<td>sciences</td>
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<tr>
<td>362.9</td>
<td>courts, law enforcement, &amp; security agencies</td>
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<td>220.4</td>
<td>health</td>
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<td>324.9</td>
<td>state debt repayment</td>
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<tr>
<td>1,296.1</td>
<td>other (unspecified)</td>
</tr>
</tbody>
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**1999 Exchange rate for the manat was US $1 = 4373.**

Table Source: *Caspian Times* (1999).

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Domestic Politics

Foreign and economic policy have provided the context within which President Aliyev has consolidated his rule. Equally important, if not more so, have been a series of bold domestic political initiatives he has concurrently undertaken to solidify his hold on power. Broadly, these measures can be divided into five distinct but inter-related categories. They include ensuring the loyalty of the armed forces and attending to problems arising from civil-military relations; drafting a constitution with provisions for a strong executive and a weak legislature; creating an organizational power-base in the form of the New Azerbaijan Party (Yeni Azerbaijan Partiyasi—YAP); staffing the upper echelons of the bureaucracy with loyal supporters and associates; and creating, as much as possible, an image of personal indispensability to the political system. Together, these initiatives have formed the main thrust of President Aliyev's domestic political maneuvers aimed at enhancing his power-base.

One of the most important steps toward institutionalizing political power was taken in late 1995 with the drafting of a new constitution. Up until then, the 1978 Constitution had remained in effect, except as amended by the Independence Act of October 18, 1991. A Constitutional Commission was convened by President Aliyev in June 1995 and worked on a draft constitution until the following November. The Commission released its first draft to the public on October 15 for fifteen days of national discussion, ahead of a popular referendum on the document set for November 12, 1995. The document's final version was supposed to be presented to the public ten days before the referendum, i.e. November 2, but was only released on November 8. The Constitution was overwhelmingly approved four days later and came into force on November 27.

Article 1 of the Constitution stipulates that "the people of Azerbaijan shall be the sole source of state power." The people can exercise their power through referendum, which is the only method of amending or revising the Constitution (Article 3). Other Articles, for example 4 and 6, provide strong guarantees against the absence of representative government and "usurpation of power" respectively, and Chapter 3, entitled "Major Rights, Freedoms and Responsibilities," enshrines a whole host of other liberties. At the same time, the Constitution provides for a strong executive with extensive powers. The President is the Commander-in-Chief of the armed forces (Article 9) and can appoint and dismiss the Prime Minister and members of his cabinet, appoint judges, and appoint or remove the Prosecutor General (Article 109). The President also has the power to declare martial law or a state of emergency (Articles 111 and 112) and to set up "special guard services" (Article 109). The president has "the right of immunity" and his or her "honor and dignity" is protected by law (Article 106). If guilty of a "grave crime," the President can be removed from office by a vote of a majority of ninety-five deputies in the

parliament (out of a total of 125), and the removal resolution must be ratified by the Constitutional Court.47

In contrast to the executive, the powers of the unicameral legislature, the Milli Mejlis, are not extensive. It meets for only seven months in a year, from February 1 to May 31 and September 30 to December 30, (Article 88), and is largely given a reactive role in relation to the presidency. Article 95, for example, lists a number of “issues solved by the Milli Mejlis” “upon the representation of the President;” ratification of military doctrine and the state budget, appointment of judges to the Constitutional and Supreme Courts, and removing judges, to name a few. Nevertheless, the legislature, whose members serve five-year terms, can also initiate impeachment proceedings against the President, upon the recommendation of the Constitutional Court, and its members have personal immunity while in office, unless “caught red-handed” (Article 90). The Constitution also enshrines the principles of judicial independence and immunity (Articles 127 and 128), and makes provisions for a nine-judge Constitutional Court to ensure that the actions of the various bodies of the state conform with the Constitution (Article 130).

While the Constitution is tremendously important in outlining the basic institutions of the state and their functions, its practical implementation and interpretation depends overwhelmingly on the actual balance of power among the various institutions of the state, a balance that had already begun to emerge in favor of the presidency at the time the document was drafted. To begin with, the President himself presided over the Commission charged with drafting the Constitution, and many of the articles related to the powers of the executive (99 to 124) seem to reflect Aliyev’s own preferences. At the same time, in addition to the powers officially granted to him by the Constitution, by 1995 the President had already emerged as the dominant power-broker inside the country. With the overall framework of the state and his own actions and powers legitimized by the Constitution, he now set out to ensure that those institutions on which the state relied for power were not only pliant but, indeed, supportive of his own hold on power. The armed forces, the bureaucracy, and the legislature were the most important of such institutions.

As mentioned earlier, from the earliest days of independence until the mid-1990s the armed forces had emerged as one of the most powerful institutions of the state, at times not hesitating to assert their dominance over the civilian leadership. In fact, even after Aliyev came to power in 1993, two rather serious attempted coups took place, in October 1994 and March 1995, as did several more minor assassination attempts and bombing plots.48 Some in Baku believe that the attempted assassinations and even the coups, were orchestrated from behind the scenes by Aliyev himself as excuses for getting rid of potential adversaries. There is no way to confirm or deny these rumors.49 Nevertheless, fighting between special police forces (OPON) and regular army troops did erupt on

49. Conspiracy theories are not unique to Azerbaijan and often form an integral part of society’s perceptions of the body politic in the Middle East. See Daniel Pipes, The Hidden Hand: Middle East Fears of Conspiracy, (New York: St. Martin’s Griffin, 1998).
March 16 and 17, 1995 in Kazakh and Baku, in which a number of people were killed and many wounded. OPON forces were quickly routed, and in the coming months and years, hundreds of their members were purged and arrested. In the earlier episode, former Prime Minister Husseinov and several of his ministers were accused of organizing to take over the government. Husseinov, who was extradited to Azerbaijan in 1997 after fleeing to Moscow, was sentenced to a long prison term. Several of his alleged co-conspirators were not as fortunate and were sentenced to death by firing squad.

The attempted coups and the ensuing purges gave President Aliyev the perfect opportunity to ensure the dominance of civilian state institutions over the military. This process had already gotten underway with the conclusion of the cease-fire agreement with Armenia earlier, thus pushing the armed forces further out of the limelight. The President, in the meanwhile, made his own appointments to the armed forces, and, in repeated statements, cautioned that “the army must always remain outside politics.” In October 1996, Aliyev convened a public conference on the nation’s political process, ostensibly to discuss the events of the past two years. Again he warned that treason and “crimes against the state” would not be tolerated and outlined the punishments of arrested coup plotters. At the same time, if reports in the Baku press are to be given any crediblity, the state appears to have let conditions among the army’s rank-and-file deteriorate, not so much as an act of deliberate punishment but as a subtle way of ensuring soldiers’ subservience. With reports of deplorable conditions in army bases, military service lost even more luster and thus more of its potential as a venue for political ambition. Empty stomachs, also, are seldom conducive to widespread rebellion.

A career apparatchik, President Aliyev has instead turned much of his attention to party-building and to staffing the bureaucracy with trusted friends and associates. Especially important in this regard has been the New Azerbaijan Party (NAP), an organization Aliyev established not long before coming to power in 1993. By this time, the Popular Front (PF) had already established itself as a viable and popular political organization, although this popularity was becoming increasingly eroded due to the chronic political instability and territorial losses that marked Elchibey’s term in office. From his home region of Nakhichevan, where he is still respected and popular, Aliyev started attracting into his own organization other well-known personalities who were either not members of the PF or were disenchanted with it. The Popular Front’s steady demise only enhanced the popularity of the NAP. Before long, following the 1993 presidential elections, it became obvious that membership in the NAP was an important factor in administrative appointments and promotions. The party’s control over the highest echelons of the state became near-complete following the legislative elections of November 1995 and February 1996, when its own members won 67 of the 125 seats, and

almost all of the other seats went to smaller parties or individuals supportive of its platform. The election law also worked to the NAP’s advantage, as it allowed 15% of deputies (19 seats) to retain their jobs, including government posts, while running for parliament. Some of these same officials were also put in charge of overseeing the fairness of the elections. By the late 1990s, few of the bureaucratic heads were not party members. President Aliyev’s personal dominance within the party grew correspondingly, reaching a climax in December 1999, when in internal elections during the Party’s Congress the President’s son, Ilham, was elected as one of its five Vice Presidents. Along with two of the President’s brothers, the younger Aliyev was also named to the NAP’s twenty-five man Political Council. Soon after Ilham Aliyev’s promotion, ostensibly to attract younger recruits to the Party, the NAP announced that some 10,000 new members had joined the party, on top of its previous claim of a membership of 150,000.

The bureaucracy has been somewhat less malleable. It is nearly impossible, of course, to ensure the political loyalty of rank-and-file bureaucrats, whether in Azerbaijan or elsewhere in the developing world. Problems arising from questionable loyalty, deliberate foot-dragging, and even non-compliance among the bureaucracy’s “second stratum” have been well-documented in a number of countries. Azerbaijan is no exception. Here the problem is compounded by conditions unique to the country: a political atmosphere that was highly charged until relatively recently; a determined drive toward privatization and rolling back the state (i.e. redundancies and lay-offs); and low salaries and declining living standards. How these and other similar conditions influence the loyalty of middle class bureaucrats toward the President cannot be accurately gauged and measured. These are, nevertheless, some of the concerns which the President has had to address in relation to both the bureaucracy as well as other state institutions.

To compensate for these and other similar political dilemmas for which there is no straightforward institutional answer, President Aliyev has actively sought to cultivate an image of indispensability to the political system. In fact, while at one level the President has cultivated an image of indispensability, at another level he has actually made himself central to the continued operations of the state. A comparatively mild form of a personality cult is being subtly propagated by the state. The President’s portraits are everywhere, showing him in a variety of poses. Some of the photographs, like those of the late President Hafiz al-Asad in Syria, show a President much younger than he actually is (b. 1923). Parks, public squares, even mosques are often given the name Heidar or Aliyev in

53. The Popular Front won four seats. Four other opposition parties were barred from participating in the elections, and many independent candidates were disqualified. A number of other, smaller parties either boycotted the elections or did not have enough of a viable support base to field candidates. At last count, there were more than thirty political parties in existence in Azerbaijan, though fewer than a handful actually qualify as such.
56. Burke, Ruling Party Hold Congress.
the President’s honor, usually at the behest of private individuals. While there is a vibrant and surprisingly free media in Azerbaijan—both in the form of private television stations and newspapers, such as Zerkalo—those owned and controlled by the government, as well as the NAP’s organ Yeni Azerbaijan, paint a larger-than-life picture of the President, to the point that even the Information Minister at times thinks they go overboard.\(^{58}\) It is not quite clear who first started affectionately referring to Aliyev as Heidar Baba, or Father Heidar. But, mindful of the historic role of that other Turkic father, Atatürk, neither the President nor his inner-circle seem to mind his image as the nation’s ultimate patron. Only reluctantly, the Deputy Interior Minister told me, does the President accept such accolades.\(^{59}\) But there is no indication that he discourages them either.

There is another dimension to the President’s dominance of the system that goes beyond pictures and symbols. The President actually does dominate the political system. Despite frequent press reports of presidential ill health and forced vacations, including at least two confirmed heart attacks, those who have observed and studied Aliyev closely vouch for his tireless work habits and his mental sharpness.\(^{60}\) The Foreign Minister’s description of his job in an interview with a Baku newspaper,\(^{61}\) reveals much about Aliyev’s modus operandi: “Azerbaijan’s foreign policy strategist is President Aliyev. I simply implement it.” But the President’s hands-on approach isn’t limited to foreign policy alone. In the words of the Minister of National Security, he “can correctly appraise and appreciate the nature of developments as they emerge, and does so early on. He doesn’t let anything get out of hand, and has been able to make all of the conditions necessary for the development of Azerbaijan possible.”\(^{62}\) The fact that since 1994 the President’s son Ilham, in addition to his position within the NAP, has been the deputy director of the State Oil Company (SOCAR), an increasingly important arm of the state, only helps Aliyev keep a closer watch over things.\(^{63}\)

As the preceding analysis demonstrates, political consolidation has taken place largely under the personal guidance and control of Heidar Aliyev. Aliyev initiated, and largely succeeded in, the process of state-building. From 1993, when he first came to power, to the end of his first term in office in 1998, Azerbaijan was transformed from what Robert Jackson calls a “quasi-state” into a full-blown, viable political entity, surpassing most expectations, including the World Bank’s.\(^{64}\) Much of the credit for this transformation goes to none other than Aliyev himself, who in the process deftly consolidated his

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59. Ojur Zalov, Deputy Minister of Internal Affairs, Azerbaijan Republic. Interview with author. (Baku: January 17, 2000).
60. Ochs, Azerbaijan.
63. Additionally, Ilham Aliyev is also the President of the Azerbaijan Olympic Committee.
64. Jackson defines “quasi-states” as those that “disclose limited empirical statehood: their populations do not enjoy many of the advantages traditionally associated with independent statehood. Their governments are often deficient in the political will, institutional authority, and organized power to protect human rights or provide social welfare.” Robert Jackson, Quasi-States: Sovereignty, International Relations and the Third World. (Cambridge: Cambridge University Press, 1992), p. 21.
own hold on power. The President achieved this by first ending the war with Armenia (although not Armenia’s occupation of Nagorno-Karabakh). With the help of the World Bank, he then gave some order to the economy by bringing the spiraling inflation under control and stabilizing prices. He also neutralized the army and purged it of elements with their own political agendas. With the pre-conditions for political consolidation thus taken care of, the President then set out to institutionalize his rule both constitutionally and systemically through the New Azerbaijan Party and the bureaucracy. The political process and the system that have emerged as a result have certain particular characteristics. Politics, for example, has become largely non-ideological, revolving instead around personality contests and the real meaning of democracy. The state, also, keeps grappling with issues of political capacity and agenda, succeeding in some areas—e.g. internal security—but not in others—the provision of utilities, for example. It is to these questions that this article turns next.

The State in Action

The political system that has thus emerged in Azerbaijan is somewhat difficult to classify. On paper, the Constitution outlines a system that is democratic, republican, has checks and balances, and a strong executive who is, nevertheless, ultimately accountable to the Constitutional Court and the legislature. In practice, however, the executive’s relative constitutional strengths in relation to other branches of the state has turned into the presidency’s domination of the whole system. The judiciary’s independence is undermined by the President’s ability to remove judges and the Prosecutor General from office. The parliament, already dominated by the President’s party and other “independent” supporters, embarks on few politically contentious initiatives of its own and often simply passes the bills proposed by the executive after a perfunctory debate. Elections are held and their timetable observed, but the President, who is constitutionally allowed only two terms in office, has already declared his willingness to serve a third term were he to be asked by the people.65 Technically, since Aliyev was already in office when the Constitution was adopted, he might be able to justify holding on to the presidency for another term. That may not be necessary, however, as all indications are that his son is being groomed to succeed him. The President has himself on a number of occasions sung the praises of his “politician” son, and Ilham Aliyev has also initiated a not-too-subtle public relations campaign on his own behalf. Among other things, the younger Aliyev has started a website for himself in which he rates his own popularity as compared with that of other notable Azeris, excluding, of course, his father.66 It is difficult not to classify such a system as some hybrid akin to a “presidential monarchy.”

The opposition, meanwhile, has been all but shut out of the political process. Despite the Popular Front’s marginal representation in the parliament, few Azeris today openly

66. As of February 2001, the address for the website was http://www.ilham-aliyev.com.
declare their membership in or support for the party, reluctant to risk their next job promotion or appointment. But political considerations aside, the declining popularity of the opposition is not a simple function of fear of the risks involved. Aliyev’s administration has indeed had considerable success in a number of areas, especially in putting an end to the lawlessness of the early 1990s and in restoring law and order. From 1994 to 1999, for example, some 16,000 of the weapons that had fallen into private hands were turned in to official agencies. According to Interior Ministry figures, from 1992 to 1998, the overall crime rate fell by 34%, the murder rate declined by 50%, violent robberies by 72%, and juvenile delinquency fell by 36%. The Popular Front can hardly question the government’s track record on crime prevention, in the same way as it cannot criticize Aliyev’s relative successes on the economic front and in relation to the Karabakh conflict.

Even the opposition’s cries of political illiberalism and lack of freedom at times ring hollow. Aliyev’s Information Minister, for example, prides himself in his efforts to safeguard freedom of the press and the electronic media, but admits that on occasion journalists are harassed, threatened, or beaten. Nevertheless, even supporters of the PF admit that there is relative press freedom in Azerbaijan. Up until 1997, in fact, before it severed its ties with them, the Front freely published two newspapers, Azadlig and Cumhuriyet. Also, in the 1998 presidential elections, opposing candidates were given free television air time in which they openly criticized the President and his authoritarian tendencies. As a consequence, the opposition has had a difficult time mounting serious challenges to the government on ideological or practical grounds. As mentioned earlier, apart from making subtle references to pan-Turkic issues, the Popular Front, like most of the rest of the opposition, has been robbed of a compelling political platform around which to gather support. Politics, in essence, has become non-ideological. Instead, it has become personal. And the only person with the opportunity, the power, and the facilities to project himself is the President.

Under President Aliyev’s stewardship, the Azeri state has pursued four broad domestic policy initiatives. These include the establishment of law and order; the implementation of privatization and economic reforms; a satisfactory conclusion of the conflict with Armenia; and the provision of social services such as pensions and health benefits. There is, of course, a direct correlation between the state’s agendas and its capabilities. After years of turmoil and internal malaise, the Azeri state is only just beginning to acquire a meaningful measure of political capacity in relation to social forces and developments, and much of that is a result of the wholesale adoption of rentier economic policies (using oil as rent) and assistance from the World Bank. With state capacity only partially developed, the political agendas set have been modest and their accomplishments even more so. So far, in fact, the state has not been fully able to set new and ambitious agendas of its own. Instead, much of the state’s energy has been devoted to mollifying the adverse consequences of the circumstances into which it was born. By

67. Zalov, Deputy Minister of Internal Affairs. Interview with author.
69. Tabrizli, Minister of Information and Press. Interview with author.
and large, the state’s initiatives and agendas have been reactive rather than proactive. But, even in reacting to the conditions of its birth, the state has only completely succeeded in restoring law and order; there are other festering wounds that are still not fully cured. So far, the state has succeeded in fulfilling just enough of its agendas necessary to consolidating itself. With the project of political consolidation satisfactorily completed to the liking of the state’s current leaders, it is unclear when and if they will tackle the remaining unfinished agendas head-on. What is clear, however, is that at present President Aliyev and his inner-circle have firmly consolidated their hold on power.

**Conclusion**

The reinforcing processes of state-building and political consolidation started in Azerbaijan in earnest in about 1994–95. In the first years of independence, central authority had been weakened by a series of developments from both within and from the outside that had largely taken away its ability to rule. Internally, intensifying ethnic tensions, lawlessness, hyperinflation, and lack of a predictable pattern of civil-military relations stunted the birth of indigenous political institutions, which were themselves at the mercy of competing, ambitious politicians. Externally, the collapse of the Soviet Union and Russia’s subsequent role as a regional hegemon, Armenia’s occupation of the Nagorno-Karabakh district, and rivalries between Iran, Turkey, and Russia only intensified the chaos that prevailed inside Azerbaijan. Among other things, the turmoil facilitated the rise of a number of ambitious individuals, one of whom, Heidar Aliyev, was able to take advantage of the unfolding events and steadily rise to the pinnacle of power once again. A known and savvy politician with a knack for administration, once elected president, Aliyev systematically set out to purge his opponents by sending them to prison or to exile in Moscow, draft a Constitution with a strong presidency, and to appoint members of his inner circles and his New Azerbaijan Party to the different institutions of the state. To succeed politically, Aliyev had earlier attended, as much as possible, to problems with the economy and with Armenia.

With the institutions of the state firmly in place, the state appears to have prioritized its agendas into three categories: economic, diplomatic, and political. Most important are a deepening of economic reforms, accruing greater benefits through economic rents, and attending to the ills that continue to plague an economy burdened with infrastructural inadequacies and a million refugees. Of secondary importance is the Armenian occupation of Nagorno-Karabakh, the solution to which lies in economic power and regional clout—both long-term developments—rather than military prowess. Least important is “political development,” however that may be defined. In fact, I was told repeatedly by cabinet ministers and deputy ministers that democracy was already at hand. “Do we not have elections and a parliamentary opposition?” The Information Minister also added a free press into the mix. The nascent political system is indeed somewhat democratic, but only very partially. There is a free press, and technically election can lead to a turnover of office-holders. But the reality of political life is more complex. The President clearly dominates the state—in many ways he is the state—and among the ruling elite there is a
palpable and confident sense of permanence. Ilham Aliyev is the presumptive heir apparent, but his ability to fend off other contenders from his father’s inner-circle can only be seen once the older Aliyev is no longer around.

Despite the likely persistence of long-term, structural problems with the economy, the present Azeri state as we have come to know it will outlast its living architect and patron. With a system so permeated with the personality of its founder, the real question becomes “who will succeed Aliyev?” For Azerbaijan, political consolidation has come to assume a decidedly personalist nature. With societal conditions for mass mobilization and increased social autonomy and empowerment conspicuously absent, it will be relatively easy for the state to continue operating in its present form in the coming years. If the prospects of turning Azerbaijan into an oil state do indeed turn out to be true, then the state’s powers in relation to society are even more likely to be strengthened. Any future political changes, therefore, are likely to be micro-political—in policy preferences and inter-elite alliances—rather than macro and systematic.