
The Azeri Elections And Oil

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Since Sept. 11, 2001, the Bush administration has pursued a "global war on terror" and a mission to advance democracy around the world.

The latter campaign, however, elicits muffled criticism when an oil-rich state is holding elections, even in the former Evil Empire post-Soviet space.

While Americans are increasingly absorbed in their upcoming presidential election, even while they protest relentlessly rising gas prices, a look at Azerbaijan's political evolution since 1991 and the impact oil plays on politics there is instructive.

Since the 1991 collapse of communism, three former Soviet republics have become rising petro-states: the Russian Federation, Kazakhstan and Azerbaijan. While Washington has criticized elections in all three, the issue quickly drops off the radar screen so as to not affect the flow of oil.

The wealth flowing in from exploiting its energy reserves is nothing new for Azerbaijan; in the late 19th century it contained the world's first commercially exploited oil fields and by 1900 was producing more than 50 percent of the world's oil.

In 1990 Ayaz Mutallibov became Azeri Communist Party leader and the following year president in elections boycotted by the opposition. In addition to armed conflict with Armenia, Mutallibov ruled over a country that had lost its traditional Soviet markets for industrial and agricultural goods. Without subsidies from Moscow, investment in the oil industry dried up and hundreds of thousands became unemployed. Unable to quell the rising chaos, in 1992 Mutallibov resigned and nationalist People's Front leader Abulfaz Elchibey became president in Azerbaijan's first contested elections.

Elchibey's tenure proved as turbulent as Mutallibov's. In 1993 rebel army commander Col. Surat Huseynov seized control of Azerbaijan's second city, Ganja, and marched on Baku. At this point a thoroughly alarmed Elchibey turned to a man who many Azeris would later affectionately refer to as "Baba" ("Grandpa") -- Heydar Aliyev.

Aliyev was well suited to the task of containing the nation's turmoil, as by the time Elchibey turned to him Aliyev had spent nearly 50 years in the jungle of Soviet politics. Joining the Azeri Committee of State Security (KGB) in 1944, Aliyev worked his way up through the ranks, becoming its deputy chairman in 1964 and chairman in 1967. In 1969 Aliyev served as first secretary of Soviet Azerbaijan's Communist Party, while in 1982 Aliyev served in the Soviet Union's Politburo as its first Muslim member until Mikhail Gorbachev forced him out in October 1987.

In 1992 Elchibey attempted to bolster his ineffectual government by appointing Aliyev deputy chairman of the Supreme Council of Azerbaijan. The following year, as Huseynov's troops advanced on Baku, Elchibey fled the capital and Aliyev became acting president and, as part of a covert deal with the coup leaders, was appointed chairman of the Supreme Council of Azerbaijan on June 15. The National Assembly elected him president nine days later, a post he would hold until early October 2003, when he stood down from the presidency after appointing his son Ilham as his New Azerbaijan Party's sole presidential candidate. Aliyev died on Dec. 12, 2003.

Little in Aliyev's background prepared Azeris for that which he is now fondly remembered -- opening the country to massive Western investment in its ailing oil industry. In 1994, Aliyev's first year as president, Azerbaijan signed the "contract of the century" -- a \$7.4 billion production-sharing agreement with Western oil companies. The results can be seen in Azerbaijan's \$21 billion economy, currently expanding at more than triple the rate of China's. Azerbaijan is currently the fastest-growing economy in the world; in 2007 the International Monetary Fund determined its growth was 29 percent. Since 2004 Azerbaijan's state budget has quadrupled and its economic planners have won praise from the international financial community for establishing a State Oil Fund, to invest a large portion of oil revenues for the benefit of future generations. All due to the foresight of "Baba."

During the late 1990s Aliyev's health began to worsen, and in 1999 he underwent bypass surgery in the United States. Mindful of his own mortality, in August 2003 Aliyev appointed Ilham prime minister. At the time of Aliyev's death, Ilham was also vice chairman of the SOCAR state oil company and NAP deputy leader.

Ilham's succession of his father to Azerbaijan's supreme elective post seemed to many a foregone conclusion; the official results of the Oct. 15, 2003, elections gave Ilham 76.84 percent of the votes, resulting in charges of fraud by the opposition, which staged mass protests over alleged corruption and staging of elections. Hundreds of demonstrators were beaten and arrested. Tellingly, the U.S. State Department, while "deeply disappointed," nevertheless commented it would nevertheless "work with President-elect Ilham Aliyev and his government."

New presidential elections are scheduled for October, and last week Rizvan Abbasov, head of the Ryai (Opinion) monitoring center, told journalists, "Incumbent Azeri President Ilham Aliyev is a certain leader, for whom 70 percent of respondents are ready to vote." History seems to be gearing up to repeat itself.

While Aliyev presides over a populace currently benefiting from the country's oil bonanza, analysts predict Azerbaijan's oil reserves probably will be largely exhausted by 2020, and the resulting loss of revenue will exacerbate social tensions, with which the country's bypassed democratic institutions may prove unable to cope. It will be interesting to watch if the Bush presidency in the waning days of its mandate will assist the long-suffering Azeri opposition, lest it be "deeply disappointed" yet again. If history is any way to go by, it seems unlikely, as oil continues to spread its greasy sheen over U.S. foreign policy.
