



*Schlesinger Working Group
on Strategic Surprises*

Russia's Southern Neighbors

SCHLESINGER WORKING GROUP REPORT, SPRING 2001

Prepared by Aleksandar D. Jovovic

The Institute for the Study of Diplomacy of Georgetown University launched the Schlesinger Working Group in 1999. This program recognizes the distinguished public career of Dr. James R. Schlesinger and his remarkable contributions to national security policymaking and strategic thought. This project is based on a multi-year Working Group initiative with a mandate to review and assess a range of possible scenarios that contain significant potential for strategic surprise and for unanticipated outcomes. The Schlesinger Working Group relies on a permanent “core membership” of generalists from the policy-making and research communities and academia (please see page 2), who are sometimes joined by respected authorities on specific regional or functional topics under consideration. The meetings are chaired by Schlesinger Professor of Strategic Studies Dr. Chester A. Crocker and ISD Director Professor Casimir A. Yost.

ISD expresses its thanks to Harley Balzer, Michael Gfoeller, Tatiana Gfoeller, Mark Medish, Stephen Sestanovich and Fred Starr for sharing their expertise on the region. The Institute is indebted to Martha Olcott and Thomas Graham whose presentations set the stage for the discussions that followed.

Aleksandar D. Jovovic is the Program Officer at the Institute for the Study of Diplomacy. He holds a Masters degree in International Relations from SAIS — Johns Hopkins University.

OVERVIEW

The Institute for the study of Diplomacy hosted the spring 2001 meetings of the Schlesinger Working Group on the topic of Russian foreign policy towards its neighbors in Central Asia and the Caucasus. The potential for further conflict along Russia's periphery is real. Russia (experiencing an economic upswing and more assertive political leadership) is mired in a series of border problems as well as unresolved internal security challenges in Chechnya and continues to be a central actor in the entire Caucasus region. The civil war in Afghanistan continues to export Islamic extremism to Russia's important Central Asian neighbors. If a dramatic security downturn took shape in any of these borderlands, it would test the competence, political will, and strategic common sense of Putin and his team. Russia's government has already demonstrated its willingness to charge headlong into an internal conflict, and Putin's initial popularity has soared as a result. To provide a starting point for the discussion, the working group examined the following issues:

- External political and security challenges facing Russia in the near to medium term.
- Russia's interests and willingness to remain engaged in developments along its frontier.
- Prospects for strategic surprises and unanticipated events along Russia's southern border.
- Implications of Russia's behavior and regional developments on US interests and capabilities.

SUMMARY

The Group's discussions — over 7 hours of meetings in April and May 2001 — examined the current state of affairs along Russia's border regions, as well as the implications Russia's behavior could have for US interests. Members of the

Schlesinger Working Group identified four major scenarios that could develop along Russia's frontier in the near to medium term:

- **Russian Intervention** — Russia may be hard pressed to resist intervening in a neighboring state, such as Georgia, if confronted with increased instability and potential spill-over of the crisis, in spite of its recent experience in Chechnya. Regardless of the results, such an intervention could have significant implications for the region and for US interests.

- **State Failure** — Several states are exhibiting clear signs of structural weakness: system-wide criminality and corruption, the inability to provide basic services, secure their borders or develop sound economies. Further deterioration could lead to state collapse, which might create a “black hole” in the region.

- **Enhanced US-Russian Cooperation** — Russia, lacking capacity to control events on its own, may decide to expand cooperation with the US on a number of shared concerns, including illegal narcotics, radical Islam, and limiting the influence of other outside players in the region. For this to happen, however, a number of contentious issues involving Iran, Georgia and the Baku-Ceyhan pipeline must be resolved.

- **The Anti-American Condominium** — As a reaction to US power and perceived intentions, Russia and China, along with other key players, could attempt to form a de facto regional alliance with the goal of denying US access to the region, and limiting its economic influence in the area.

THE SITUATION ALONG RUSSIA'S BORDERS

Moscow — It was evident, for most members of the Schlesinger Working Group, that Russia is displaying a newfound assertiveness along its frontier. President Putin has focused much of his

**SCHLESINGER WORKING GROUP
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Elliott Abrams
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 Michael E. Brown
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 Nancy Bearg Dyke
 Chas Freeman
 Robert L. Gallucci
 Toby Gati
 H. Allen Holmes
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 Geoffrey Kemp
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 Robert Oakley
 Stephen Rosenfeld
 Howard B. Schaffer
 Teresita Schaffer
 James R. Schlesinger
 Brent Scowcroft
 Richard Solomon
 Helmut Sonnenfeldt
 Casimir A. Yost

* Core members of the Schlesinger Working Group were not asked to approve this Report. The Report, however, relies heavily on the discussions of the group. As such, this document reflects the general ideas of working group members, but is not a consensus document and cannot be ascribed to any individual member.

attention on reestablishing Russia's "prestige" and influence in a number of regions. These policies mark a change from former President Yeltsin's inward-looking and westward-leaning orientation. Participants noted that this "restoration" did not signify a Russian attempt to resurrect the now defunct Soviet Union, but did mean that Moscow was intent on reviving its political and economic authority within its strategic neighborhood. However, Russia has generally avoided micro-managing developments, appearing content to allow domestic elites in neighboring former Soviet republics to grapple with difficult domestic social and political tensions. These difficulties, coupled with problematic succession issues and tense relations between a number of Caucasus and Central Asian republics, provide the greatest challenge for the region.

A number of former Soviet republics are facing the challenge of radical Islamic fundamentalism. In some instances, these governments have responded to Islamic challenges, both armed and peaceful, with concerted and indiscriminate repression, particularly in Uzbekistan. In other cases, local governments have attempted to co-opt Islamic traditions and customs, in order to reinforce popular legitimacy, while isolating Islamic radicals and opposition forces. Participants noted that some areas of the region, particularly urbanized communities, were more prone to radical Islamic ideology (particularly the Fergana Valley area), while other regions, with more nomadic traditions, would be less influenced by politicized Islam.

Participants also observed that Russia presently has a differentiated policy (one participant described it as a "triage" effort) in regards to the importance of individual countries and developments along its border. This is in tune with Russia's real capabilities, which are currently rather limited. In Central Asia, participants noted, Kazakhstan is the prime focus of Russian interest. Even in this case, Moscow's attention is mainly focused on energy and resources, and the northern half of the country. The four other Central Asian republics, although firmly within what some have called Russia's "near abroad," elicit less interest from their giant neighbor. In the eyes of Moscow, and indeed of other outside players such as the US, resource-poor Kyrgyzstan, in particular, may be relegated to the sidelines, too remote or weak to really matter. The three former Soviet republics in the Caucasus are more crucial and Russia sees the area as its buffer zone. However, at present, it appears that Russia is taking

advantage of the endemic weakness of these states, rather than actively re-establishing a firm grip on the region. In both the Caucasus and Central Asia, Moscow's policies have been focused on undermining weak governments, such as that of President Shevardnadze (through proxies among Georgia's ethnic minorities), or in Turkmenistan's case by limiting its access to gas markets. In other cases, Moscow has propped up flagging regimes, or provided troops to protect porous borders.

Some of Russia's policies can also be ascribed to differences in understanding and interpreting post-Cold War realities. While the United States and Europe have generally embraced the radical social and political changes of the past decade, some Russian policy-makers remain wedded to old geo-strategic concepts. The idea of a zero-sum game, where one state's loss is another's victory, retains strong roots in Moscow. In the end, Russia seems most comfortable surrounded by weak states, and appears to be intent on securing a "right of first refusal" on any important change — or what one participant described as "predatory rights." Still, just as Russia has tried to influence events in the region, local governments (often benefiting from Soviet-era experience) are often successful in manipulating Moscow's behavior.

Participants also probed the issue of Russia's real interests and capacity for power projection. A point could be made that Russia's influence in the far-flung regions of Central Asia and the Caucasus is a factor of stability. Therefore, Washington should encourage Russia to maintain its sway along its borders. At the same time, it was noted that Moscow's lack of real power projection could lead to an over-extension of Russia's tenuous grip on events in the area. Moscow's past dealings with the region have uncovered what one participant termed an "ethnic blind spot," a tendency to overestimate the threat Islam poses, and an inability to differentiate between apolitical groups and radical Islamic forces. Yet, however loud the rhetoric is at present, it is important to distinguish Russia's diplomatic and political bluster from true intentions and capabilities. Policy incoherence emanating from Moscow causes further confusion. Participants noted that while Putin's Presidential staff has maintained a relatively coherent policy view, other influential Russian players have often engaged in contradictory behavior.

Views on the importance of the region were mixed, with some participants arguing that the

region has little importance, while others noted important US interests in Georgia, Azerbaijan, Uzbekistan and Kazakhstan. With this in mind, it is evident that outside powers have many shared as well as divergent interests. Russia's newfound ties with Iran may be a sign of newly emerging regional coalitions. Indeed, the situation along Russia's borders could even improve US-Russian cooperation. After all, Washington is just as concerned about the spread of radical Islam, terrorism, and criminal networks (particularly narcotics) as is Moscow (although participants pointed out that Russians are heavily involved in the drug trade as well). Moreover, the policies of the radical Sunni Taliban movement, which rules Afghanistan, are a thorn in the sides of Moscow, Washington and Teheran, a rather unlikely grouping of states.

Other Players — Regional powers as Iran, Turkey, Pakistan, India, and China may play an increasingly critical role in developments in the region. Even Afghanistan, mired in civil war and poverty, will be an important factor — its mere existence as a refuge for international terrorist and criminal networks, as well as an exporter of refugees and drugs, has transformed the country into a “black hole.” Participants warned that the entire area could increasingly become a playground for great power rivalry, turning the region's local non-state actors and weak states structures into proxies fighting for elusive goals. Ultimately, the region's real importance may be derivative, depending less on local political and economic developments, than on the views of outside powers and their reactions to events. But perhaps as a result of this multitude of interested parties, it appears that no single outside power has the trump card, while several may have veto rights on a number of important regional developments.

A substantial part of Russia's leverage over its frontier regions is maintained by non-state actors: the media, the Orthodox Church, and Russian enterprises (partially beyond the Kremlin's formal control), as well as an array of criminal networks. Pipelines and energy companies, in particular, play a central role in the political and economic environment of such oil and gas producing and transit countries as Kazakhstan, Azerbaijan, Turkmenistan and Georgia. While it is apparent that the development of new oil producing sites will continue, the region's location and volatile nature will assure that the costs and risks of transportation remain as crucial as the actual resource availability. There was no agree-

ment in the working group on the viability of the Baku-Ceyhan pipeline, a project strongly backed by the United States, but slow to generate private sector enthusiasm. Baku-Ceyhan's goal is to deliver Caspian oil to the developed world while bypassing Russia, prone to over-taxing and manipulating the transit of hydrocarbons, and sidelining Iran, Washington's strategic adversary in the region. Furthermore, it was observed that insufficient attention is being paid to the real new market for energy — resource-starved East Asia. China and its neighbors farther east are intent on developing eastward bound gas and oil pipelines originating from Central Asia, as well as cooperating on energy production — a strong incentive for Beijing, and even Tokyo, to increase their activities in the region.

US ROLE IN THE REGION

When examining the US role in the region, it is important to first note that its influence in the region is limited, due to the political complexity and geographic location of the region, and to the domestic policy debate over its importance. Indeed, it appears that the private sector has been more vocal in pursuing its interests than the US government, which was criticized by participants as largely passive in regards to developments in the region. Many participants described energy as the primary reason for US involvement in the region. As one participant summed up the discussions, what matters most to the US is access to the region's energy, if it can be gained without a responsibility for regional security. In this regard, Western nations are less interested in internal developments in these states, than in the reactions of Russia and other powers to those developments. Still, for all the fear of being denied access to Central Asian and Caspian oil, the US must keep in mind that oil's value (for both producers and transit states) lies in the value of its sale, not in the intrinsic qualities of simply possessing it. Therefore, while the US will continue to seek access to resources, it should also remind regional players of the economic consequences of restricting trade. Further points of interest for the US include countering the illegal narcotics trade (as a working group member noted ironically - the only real sign of globalization in the region), and limiting regional support for radical Islamic subversion and terrorism.

One of the reasons Washington's role is circumscribed is that it lacks clout with most regional notables. US relations with Russia and China are at a low-point, while relations with

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Iran remain deadlocked after some marginal improvements. As for Iran's surroundings, Turkey and Pakistan are mired in economic problems, and Washington's influence with the latter has waned in recent years as Islamic forces in Islamabad's political backrooms have gained influence. Afghanistan, for its part, has spiraled out of control, forcing a complete US disengagement. Among the former Soviet republics themselves, Washington has varying levels of leverage. In general, Washington's suggestions are best received in the Caucasus, traditionally most adverse to Moscow's influence and most riled by Russian power. However, Azerbaijan's recent warming to Moscow, as well as its constructive role in peace talks over Nagorno-Karabakh may signal Russia's return to a central role. The region's other US stalwart, Georgia, was openly identified by working group participants as a state on the brink of failure, battered by economic problems, several low-intensity civil conflicts, and intrusive Russian meddling. Ultimately, much will depend on how Washington views Russia: as friend and ally in the battle against illicit drugs and Islamic radicalism, or as foe, an ally of Iran and of an increasingly anti-American Beijing.

Possible Trend Reversals — Participants noted a number of potential developments that could alter the current US position. In contrast to the present climate of suspicion, working group members envisioned a possible détente between Washington and Moscow on policies in the Caucasus and Central Asia. At the same time, the United States could be more successful in encouraging Turkey to play a more active role in the region or it might gain new allies in the medium term, including even Iran. Washington and Teheran could move forward on a number of fronts, including narcotics, energy, trade, and combating Taliban influence. Yet the potential for such a scenario seems remote, and enmity between official Washington and Teheran is so great that only a grand and sweeping improvement in relations (or an unlikely radical change in Iran's conservative leadership), of the "Nixon in China" magnitude, could make a real impact. Washington's key ally in the Caucasus, Georgia, could also take a turn for the better. A successful leadership transition in Georgia, followed by a gradual improvement of the overall situation would bode well for US influence in the region. On a more negative note for the US, if the Baku-Ceyhan pipeline is deemed unviable, it could significantly restrict US options in the region. In

an effort to further illustrate future trends, working group members identified four potential scenarios.

SCENARIO 1: RUSSIAN INTERVENTION

A number of participants noted that it would be hard for Russia to remain disengaged in case of a serious regional crisis. In spite of lessons learned in Chechnya, Moscow might feel obligated as a great power to intervene in situations such as state failure. Recent government statements and rhetoric point to an increased Russian focus on the CIS. And while some great power attitudes toward the region are crafted as part of larger strategies, local political and security issues (such as the status of Russia's diaspora) also matter and affect Russian interests. A prime candidate for such an event is Georgia, which faces a complex political succession in the near to medium term. Russia is already deeply involved in Georgian internal politics and has allies among some local leaders, most notably in Abkhazia. While Moscow has pledged to close two of its four military bases in the country, it has balked at closing the remainder, and is expected to maintain thousands of troops in the country in the medium term. Furthermore, Russia has long viewed Georgia as the staunchest US ally in the region and would welcome a leadership change in its favor.

Implications — A failed Russian intervention, perhaps the result of unrealistic planning and strong Western opposition (what participants termed as Russia's "over-extension"), would be a serious blow to Moscow, with important internal political repercussions for the Kremlin leadership. Such an event, according to working group members, could have greater repercussions than even the Chechnya debacle, since intervention in Georgia would have lasting effects on Russia's international image and prestige. If this were to transpire, the US could face a gravely weakened Russia. Moscow's subsequent retrenchment or retreat from the region (which could result in further shifts in local political power and the creation of a power vacuum) could have long-lasting repercussions for US security and energy interests.

A successful Russian intervention, most likely resulting in the installation of a friendly regime in Tbilisi, could enhance Russia's prestige in the region, and reassert its flagging influence in the Caucasus and beyond. However, participants noted that the outcome of any intervention would be as much the result of the international response, as of Russian moves. A successful Russian opera-

tion in Georgia could seriously endanger the Baku-Ceyhan pipeline project, which has strong US government backing. Any political instability in the area could scare away Western private sector backers, already a scarce breed. In sum, either result is sure to upset the regional balance of power, and reshape US influence on the region.

SCENARIO 2: STATE FAILURE SCENARIO

The following scenario shares some elements with its predecessor. However, it is important to note a number of key differences. This potential scenario does not necessarily envision a Russian intervention. It is essentially, as one working group member noted, a “demand-side” phenomenon. In other words, a potential “state failure” crisis would result from internal instability in a Central Asian or Caucasus state. The repercussions of the crisis would include: political and security problems, disruption of trade and communications, further criminalization and other developments. If complete state failure were to occur, participants underlined that Russian intervention was not a given. Furthermore, they envisioned a possible Russian withdrawal from the country or region, if faced with an insurmountable political and security challenge. In fact, such a crisis could actually be the result of Russian weakness — its inability to absorb people and goods from its neighbors, perhaps even exporting instability, and setting off a chain of events leading to state failure along its southern frontier. Such reasoning fits into the argument of some members of the working group that Russia’s influence is limited, pointing to a lack of local allies, financial and military limitations and domestic Russian disinterest in events abroad.

Working group members identified several potential drivers for state weakness or failure. Economic problems, particularly in such states as Georgia and Kyrgyzstan, present a serious challenge for their respective governments. The inability of these governments to provide the most basic services (heating, electricity, pensions, basic healthcare) has seriously endangered the states’ legitimacy (particularly in view of the prevailing communist-era public notion of the state as “provider”). When economic problems stemming from a lack of structural reforms are coupled with endemic and increasing corruption and criminalization (with a special emphasis on illegal narcotics trade in Kyrgyzstan), the result could be complete state collapse or the slow process of “state withering” — the steady decrease of state presence and importance in sectors of

society or parts of a country.

Another trigger for state collapse could be mounting political tensions generated by poor governance combined with narrowly-based and self-serving elites — several participants used the term “dynasties” — which alienate large segments of their own societies. Through blanket repression and closing off economic opportunities as well as meddling beyond their borders, the Uzbek regime risks going down this path, and perhaps, paying the ultimate price. With the failure of political transition, challenges to anointed successors could create major regional instability.

As has been noted, Islam and armed groups fighting for the establishment of Islamic states, which have been emerging across Central Asia, also pose a serious challenge. The ties between some of these groups and narcotics trafficking (reminiscent of ties between left and right-wing groups in Colombia and the drugs trade, described in our report *Colombia at the Crossroads*) troubled many working group members. However, it was noted that the ties between Islamic groups and drugs should not be overemphasized. The illegal narcotics trade, as our previous report stressed, is demand-driven largely by Western nations, and has been abused by the Taliban and other armed groups.

Implications — The state weakness or collapse scenario could have several important implications for outside players. The withdrawal of Russian influence, coupled with rather weak US presence in the region could open up the playing field for other outside actors. As already noted, states such as Iran, Turkey, Afghanistan, China and others have shown increased interest in events in the region. Some of these countries may be motivated by religious questions, others by real-politik issues, such as political influence (or in China’s case the wish to ensure its long frontier). Even if one assumes that US interests in the region are limited, Washington could hardly sit on the sidelines of a political and security free-for-all. In the end, the collapse of one or more states in Central Asia could lead to, as one participant noted, its “Talibanization.” It is also evident that state failure could seriously derail US pipeline projects or cripple the delivery of energy resources.

SCENARIO 3: ENHANCED US-RUSSIAN COOPERATION

This scenario takes a more positive outlook and describes a potential nearing of US and Russian views on Central Asia and the Caucasus. Indeed,

Economic problems, particularly in such states as Georgia and Kyrgyzstan, present a serious challenge for their respective governments. The inability of these governments to provide the most basic services has seriously endangered the states’ legitimacy.

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the two countries have a number of common interests including: the interdiction of illegal narcotics, combating radical Islamic forces (including isolating Afghanistan's Taliban), increasing regional stability, and deterring other powers such as China and Iran from playing a larger role in the region. One could argue that it is in Washington's interest to work with Russia in the region, utilizing rather than opposing Russia's ability to project influence and power among these countries and their elites. The US might see this as a way to distance Moscow from further cooperation with Teheran, while both Washington and Moscow see China as a strategic competitor (despite Russia's present need for hard currency from arms sales). From Russia's viewpoint, working with the US could bolster its sagging influence in the region, while improving ties with Washington, a key economic and political partner. Another potential "positive" (albeit unlikely) turn of events envisions a stabilization of events in Afghanistan and Pakistan, providing a new economic and communications outlet for Central Asia's land-locked states (particularly towards the large markets of South Asia), and lessening the importance of Russia. This could in turn move Moscow towards enhanced cooperation with the US.

Implications — There are a number of important prerequisites for such scenarios to come about. The US would have to come to terms with the Iranian issue — through either a renewed commitment to sanctions and isolation of the Teheran regime, a rather unlikely turn of events, or a tacit acceptance of Iran and its ties with Moscow and other local players. Of course, this does not mean that Washington would simply go along with Iranian aims, but would likely try to temper and moderate Teheran's behavior through engagement on one side, and through stronger US ties with potential Iranian partners on the other. At the same time, Washington may have to resolve the pipeline issue. It is likely that Moscow would call on the US to abandon its favored Baku-Ceyhan pipeline, opposed by the Russians who aim to maintain their present grip on energy transportation. US support for the embattled Shevardnadze regime, and for any successor deemed unfriendly towards Russia would also be questioned. On the other hand, one could argue that Russia might be forced into cooperation with the US by sheer weakness, and that therefore Washington would not have to make any of these important policy decisions. In that case, however, Moscow's weakness (and lack of

influence and power projection) would make it less significant as a partner, bringing the US back to the starting point — lacking overarching interests and influential regional partners.

SCENARIO 4: THE ANTI-AMERICAN CONDOMINIUM

Our final scenario envisions a partnership between Russia, China and perhaps Iran to deny the US influence in the region. Such a strategic alliance could be motivated by non-regional issues, most notably a general resistance to US "hegemony" and "unipolar" designs. From Russia's perspective, such a turn of events would be economically beneficial, since Moscow profits handsomely from arms sales to both Iran and China (which, as one participant put it, see Russia as something of a "Arms-Are-Us" discount dealership). As for China, increasingly hostile towards the US most notably on the Taiwan issue, a partnership with Russia could also be beneficial. Indeed, one participant noted that China appeared ready to cede regional preponderance in Central Asia to Moscow, as long as its sustained presence ensured political stability (especially in sensitive regions bordering China) and increased energy flows. Beijing has long feared radical Islamic forces in Central Asia due to their support for dissident ethnic communities in China's western provinces. China and countries further east, explained several working group members, are the real new markets for energy, particularly from Kazakhstan's new sites. Iran, for its part, would be interested in Russian support for a pipeline through Iran, or for Russian opposition to the Baku-Ceyhan pipeline, planned with the specific goal of bypassing Iran. Ultimately, all three countries share concerns over the growing influence of the Taliban within Afghanistan and beyond its borders. The primary aim of this condominium would be to deny or limit US access to the region, and weaken, destabilize or turn governments friendly to the US, primarily in Georgia, but also in Armenia and Azerbaijan — countries Russia has recently shown increasing interest in. In addition, all three countries will remain dependent on a common arms market into the medium term.

Implications — The key implication of such a scenario would be general US weakness in the region. Washington would be unable to play an influential role in energy policy — a blow to US oil and gas firms. From a political and security standpoint, the US would find itself unable to safeguard Georgia's sovereignty. Indeed, these

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two important issues would signal the end of the Baku-Ceyhan pipeline project (if it was not completed before this potential scenario took place). To counter this potential turn of events, the US would have to pursue a coordinated policy of enforcing general outside power restraint in the region, while taking direct measures to make states in the region more politically viable and economically self-sufficient. Indeed, a case could be made for Washington to initiate a preemptive policy in favor of a reciprocal great power restraint understanding.

CONCLUSION

At present, Russian capabilities remain limited (although its reasoning may still be influenced by imperial reflexes), and Moscow has assumed a relatively constrained role in the Caucasus and Central Asia. Its primary concerns include access to oil and gas, halting conflicts that could spill-over into Russia, maintaining friendly governments along its border, and containing the spread of radical Islam. It shares these and other concerns with a number of regional powers and outside players. US interests as well as influence in the region remain circumscribed. Aside from commercial interests, almost exclusively in the energy sector, Washington has yet to identify a full list of its regional interests, and to show to what lengths it is prepared to go to pursue them.

In an effort to illustrate potential develop-

ments in the region, the Schlesinger Working Group has identified four scenarios. The *Russian Intervention* scenario explains that Russia may be hard pressed to resist intervening in a neighboring state, such as Georgia, if confronted with increased instability and potential spill-over of the crisis, in spite of its recent experience in Chechnya. Regardless of the results, such an intervention could have significant implications for the region and US interests. Several states are exhibiting clear signs of *State Failure*: system-wide criminality and corruption, the inability to provide basic services, secure their borders and develop sound economies. Further deterioration could lead to state collapse, which might create a “black hole” in the region. *Enhanced US-Russian Cooperation* could take place if Russia, lacking the capacity to influence events on its own, decides to expand cooperation with the US on a number of shared concerns, including illegal narcotics, radical Islam, and limiting the influence of other players in the region. However, for this to happen, a number of contentious issues involving Iran, Georgia and the Baku-Ceyhan pipeline must be resolved. An *Anti-American Condominium* could be formed as a reaction to US power and perceived intentions. Russia and China, along with other key players, could attempt to form a de facto regional alliance with the goal of denying US access to the region, and limiting its economic interests in the area. ■

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