

## REVIEW ESSAY

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Caspian Sea Oil – Still The Great Game for Central Eurasia

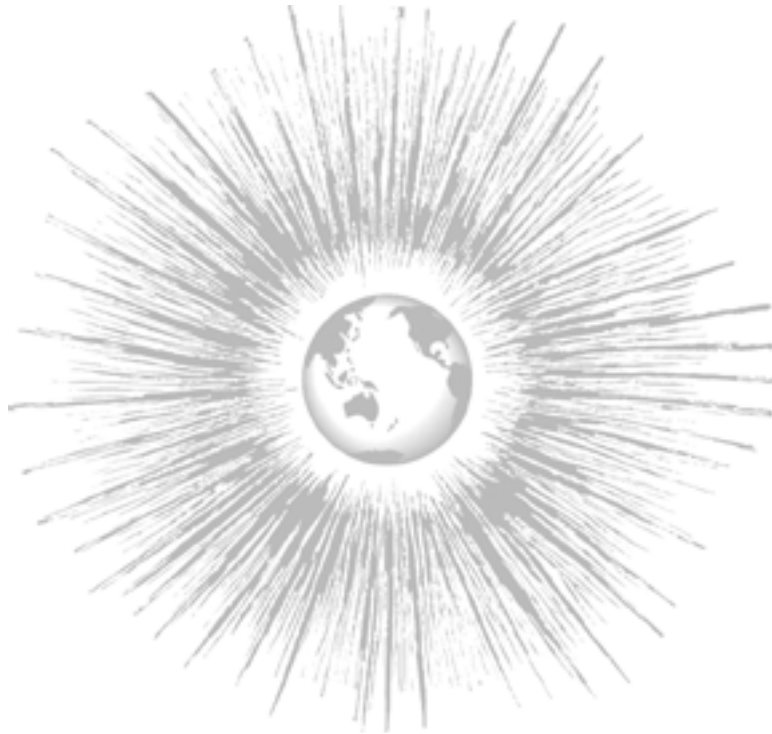
*Andre Gunder Frank*

*Oil And Geopolitics in the Caspian Sea Region*. Edited by Michael P. Croissant and Bulent Aras, Foreword by Patrick Clawson. Westport, Conn. & London: Praeger 1999, 328 pages, ISBN 0-275-96395-0, \$69.50. <http://info.greenwood.com/books/0275963/0275963950.html>

A book with a foreword by Pat Clawson of the National Defense University and editor of ORBIS, and dedicated to Ronald Reagan and Target Ozxal, announces its U.S. far-right wing political pedigree literally up front. However the book is chock

full of information, alas most already well known to anyone even remotely familiar with the problematique under review; but it also offers some incisive analysis. The twelve contributed chapters by fourteen authors and coauthors are divided into three parts dedicated to examining and analyzing the general history and mutual background of the Caspian Sea region; to the five littoral states of Azerbaijan, Russia, Iran, Kazakhstan, and Turkmenistan; and to three 'external' interested states, the

United States, Turkey, and Georgia. Nonetheless, the review by each author goes well beyond the nominative boundaries assigned to him or her and trespasses over into the topics, territories and their relations assigned to other authors. Quite properly so, in view of the mutually complex real-life interrelations in the Caspian Sea Basin, so that no topic or state could be adequately understood in itself other than in relation to the others. Indeed, we are witnessing the contemporary continuation of the nineteenth century "Great Game" for the control of Central Eurasia. However, the oil connection also reaches well beyond Caspian Sea and must make this book pertinent also to readers of this journal.



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JOURNAL OF WORLD-SYSTEMS RESEARCH, VII, I, SPRING 2001, 101-108

<http://jwsr.ucr.edu/>

ISSN 1076-156X

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Clawson already explicitly, indeed brutally, lays out the groundwork in his two page foreword: The Caspian Sea region is a world-class oil area with complex economic and geo-strategic conflicts of interest and corresponding competing policies among surrounding states and the West, particularly the United States. The issues are not only the oil per se, including its low price at the time of publication, but also the related conflicts of interest over pipeline routes and the U.S. intent to deny them to Russia and Iran. The rule of law, democracy and human rights come in at the tail end.

Chapter 1 by Bulent Gokay traces the history of Caspian Basin oil, beginning with that of Baku 2,500 years ago. He quotes from reports about the Baku region by travelers, including Marco Polo, who visited the area between 915 A.D. and 1684 A.D. Then he reviews more recent Russian and Soviet interests and activities there. Chapter 2 by Cynthia and Michael Croissant examines the 'legal status' of the Caspian Sea, whose interpretations are used by each littoral state in attempts to legitimate its own economic interests and political claims. The claim that the Caspian is an inland 'lake' is advanced by Russia and Iran, because under international law it would support the common rights of the littoral states, among whom these two big ones would be more equal than others. The smaller states argue that the Caspian is a 'sea,' under which the same international law would divide the area into national 'sectors' that would result in more equal access and rights to all. The United States supports this interpretation, because it would limit access by its Russian and Iranian enemies. Chapter 3 by Jenifer DeLay examines the confused tangle of existing and proposed pipelines, which is far too complex to summarize here. Suffice it to say that each state seeks to maximize the length of pipeline that would pass through or go to its territory and to deny the same to its competitors. Again the United States is intent on avoiding pipeline routes through Russia and Iran. Therefore towards the West, they would have to pass through alternative routes in Turkey and competing ones in Azerbaijan, Armenia and Georgia. They have intense national and political, including armed, conflicts among each other and rival supporting alliances with Russia. For the time being, these conflicts render pipeline planning and construction more than problematical for everybody concerned, again including the West and particularly the U.S. The government of the latter favours a route through Turkey to its Mediterranean port of Ceyhan, about which the private oil companies have reservations—unless they receive massive public subsidies—because this route would be the most expensive to build. Since the publication of this book, agreement has nonetheless been reached on this option, presumably including such unrevealed public subsidies by the U.S. and Turkey.

So as not to put all pipeline eggs into one basket route, before this agreement and perhaps still, there has been serious consideration also of various routes through the Black Sea. Since Russia wants more oil to pass through its own ports on this

Sea, which the West seeks to prevent, and Turkey does not want the danger of oil spills next to Istanbul on the Bosphorus, the idea is to ship it or even to pipe it under the sea to the Western shores of the Black Sea. The countries there provide a local market for oil, and pipelines would also extend to West European consumers. Interestingly, one of these possible routes would pass through or near Kosovo, which converts it into an area of particular geo-economic and geo-political interest to the West, whose policies are examined further on in the book and this review. Since its publication of course NATO waged war there, purportedly for 'humanitarian' reasons that supposedly are unrelated to these strategic oil considerations, which we examine below. But, as Stephen Blank notes in his chapter on the United States to which we return below, the region has been the place where empires meet the natural limits of their power since Alexander the Great.

Two other alternative or additional routes and related political interests deserve mention: One is China, which wants oil, especially from Kazakhstan, to flow eastward to meet its growing needs. The other, as a look at the map will reveal, are southward routes to ports on the Indian Ocean that would pass through Afghan and Pakistani territory. What this book takes no account of [other than elliptically in the chapter on Iran] is how this geography is the basis of what otherwise would seem strange: US support of the fundamentalist Muslim Taliban government in Afghanistan to offer stability for routing a pipeline through its territory, and opposition to the same by also fundamentalist Iran, which wants the oil routes for itself. Indeed, its idea is a 'swap' arrangement by which Iran would consume this oil in its oil-poor northern part including Teheran and replace it to foreign buyers with equivalent oil from its production in the Persian Gulf area, which is relatively distant from its northern centers of population. The last chapter in this section by Levent Hekimoglu poses the question whether more oil would be a hazard to the region's environment or whether the oil income could be used to preserve and even partly to restore the environment that was seriously debilitated during the Soviet era. The answer is again economic and depends on the price of oil. The lower it is, the less the exploration, drilling, production and transport; but also the less the use of its income for environmental care. The greater the price of oil, the greater also is at least the possibility to use oil and transport revenues also for environmentally friendly purposes.

The five chapters of Part 2 examine each of the five littoral states. Each offers a plethora of information and some analysis, not only on each state but also on relations with neighbouring ones and the West; but they are too detailed to summarize here. Of greatest interest among them are the chapters on Russia and Iran. Both have vital interests in oil and gas from the region and in pipelines from Baku and Azerbaijan generally. The latter has tried to accommodate some interests of both, but increasingly has fomented closer relations also with the U.S., as this chapter

points out, while a later one examines the U.S. strategic embrace of Azerbaijan. Indeed, much of the chapter on Russia is devoted to countries other than Russia and their relations with Russia. The now Central Asian republics, several governed by people whose political careers in Soviet times elevated them to local governors within the Communist Party of the Soviet Union, of course were also economically tied to and dependent on and indeed beneficiaries of supplies of oil to but subsidies from the Soviet economy. Many of these ties have necessarily remained so, but now without the Russian subsidies. For instance, also the vast development of Kazak cotton production—at enormous local environmental costs, such as the almost halving of the extent of the Aral Sea and of the livelihood of the people around—was destined almost exclusively to supply the Soviet textile industry. On the other hand, the local supply of industrial commodities was also dependent on imports from the Soviet Union. For the newly ‘independent’ republics, many of these economic ties have had to remain. For Russia and the often large Russian population—in Kazakhstan 40 percent of its total population that is concentrated in the North -, substantial interchange is still essential, although of course relatively less so for the large Russia economy and moreso for these much these smaller economies of the Central Asian and circum Caspian Sea economies. So their governments are now trying to diversify their economic relations with others wide and near, and also to forge some kind of common market among the latter, but their common commodity production leaves little possibilities for any division of labor.

For Russia, the problem is essentially two or three fold. First, Russia has the most cost-effective existing and potential pipeline routes, which already gives it a critical role in the region and beyond. Russia also has its own demand for oil—despite being a major producer and the world’s single largest exporter—and a quite pragmatic policy to ensure and promote both, although that also is related to Russia’s larger geo-political interests in the region and in the world. The latter of course also involves the West in general and first the U.S., Turkey and China in particular, which in turn seek to enhance their own and to deny Russia as much economic and political clout as possible.

In response thereto, there are three major schools of thought and policy in Russia: One is the ‘Western’ oriented one that seeks some cohabitation with the West within the structured rivalry, which also has not really ebbed despite the end of the Cold War. The second is the ‘Asiatic,’ ‘Oriental,’ or ‘Eurasian’ one that looks eastward, but also southward to the Caspian and beyond. The tension between the two Russian projections has been a constant of its politics at least since the time of Peter the Great. The third school has a leg in both camps and the various factions and alliances within them; and it promotes a pragmatic resolution between the other two, including policy with regard to Caspian Sea problems. More pragmatic even is Moscow’s domestic oil policy and practice, which seeks to maximize

production [that has precipitously declined recently], revenues, and largely unsuccessful attempts to keep the West out of its oily backyard. The author’s conclusion is that Russian “economic interests are thus achieving precedence over political ones” [p.150], which is however disputed by the author of another chapter, as we will see below.

The same conclusion may be drawn from Nader Entessar’s chapter about Iran and its policy toward its immediate neighbours, neighbouring oil producing states, and also Western Europe and the U.S. Iran’s bargaining chip including with the U.S. that is trying to put and keep Iran out of business, is that other than the existing Russian pipelines, Iran offers the most cost-effective oil transport and swap options for Caspian basin oil for the world market. That underlies the closer relations between Iran and Turkmenistan and Kazakhstan. But Iran today has fifteen neighbouring states, and even all possible oil pragmatism is unable to accommodate them all at the same time. The chapter on Turkey by Bulent Aras and George Foster offers little that is new or interesting. Turkey welcomed the independence of the new CIS states and sought to replace as much old Russian and prevent as much new Iranian influence as possible. Shared Turkic languages and Islamic religion turned out to be the less effective, and the prospects for Turkish capital investment and American support more useful instruments of Turkish policy. That has of course been to get as much oil and particularly gas from the Caspian Sea Basin to supply its own increasing need and as much pipeline revenue through the Trans-Caucasus region as possible. That also includes of course support for construction of the Baku to Ceyhan pipeline, through which oil is to be funneled from a catchment area that also extends to Turkmenistan and Kazakhstan on the other side of the Caspian Sea over which the oil would be shipped or under which the oil would be piped to Baku. Unfortunately for Ankara, astride the Turkish part of this route sit the Turkish Kurds, whose rebellion Ankara therefore seeks to quash also for that reason among others.

By far the most interesting chapter is that on the United States, by Stephen Blank who has done enough of his homework to bring along multiple strategic [in more senses than one] quotations from the horse’s mouth in Washington and at NATO headquarters. The background of it all is of course the ongoing American competition with Russia, now also with the regions under review, among which “the Transcaspian has become perhaps the most important area of direct Western-Russian contention today” [250]. Therefore, the author argues that the new geo-economic competition cannot be separated out from the old but still ongoing geo-political one.

Therefore also, although “Washington is now becoming the arbiter or leader of virtually every interstate and international issue in the area” [254] and indeed also “the main center of international adjudication and influence for local issues” [255],

in the face of the Russian bear old style gun-boat diplomacy is too dangerous and is now replaced by its “functional equivalent ... peace operations” [256]. Washington is pursuing these with intense “actual policy making on a daily basis throughout the executive branch” [253] in Washington and by a myriad of “Partnership for Peace” programs of which the Strategic Research Development Report 5-96 of the [U.S.] Center for Naval Warfare Studies reports on

activities of these forces that provide dominant battlespace knowledge necessary to shape regional security environments. Multinational exercises, port visits, staff-to-staff coordination—all designed to increase force inter-operability and access to regional military facilities—along with intelligence and surveillance operations.... [So] forward deployed forces are backed up by those which can surge for rapid reinforcement and can be in place in seven to thirty days [256-257]

—all as a ‘partnership for peace’ in Orwellian double-speak, obviously. Indeed, U.S. local diplomats and the Clinton administration now regard the Transcaspian as a ‘backup’ for Middle East oil supplies and some insist that the U.S. “take the lead in pacifying the entire area” including by the possible overthrow of inconveniently not sufficiently cooperative governments [258]. The policy and praxis of common military exercises also includes distant Kazakhstan. All this and more “reflects a major shift in U.S. policy toward Central Asia ... coordinated by the National Security Council,” as the author quotes from the hawkish U.S. *Jamestown Foundation Monitor*. The Security Council’s former head and then already super anti-Soviet Russian hawk, Zbigniew Brzezinski, now promotes a modernized Mackinder heartland vision of a grand U.S.-led anti-Russian coalition of Europe, Turkey, Iran, and China as well as Central Asia [253].

This is where the NATO connection comes in. Former U.S. Secretaries of State and of Defense Christopher and Perry stated in 1997 that “the danger to security ... is not primarily potential aggression to their collective [NATO] territory, but threats to their collective interests beyond their territory.... To deal with such threats alliance members need to have a way to rapidly form military coalitions that can accomplish goals beyond NATO territory” [252]. Note that this was two years before “humanitarian” NATO aid to ‘out of area’ Kosovo. Also, U.S. Central Asia experts met at NATO headquarters and discussed extensive U.S. interests in Caspian basin energy deposits. Not to be outdone, Javier Solana, the former Defense Minister in the ‘Socialist’ Party government of Spain, become Secretary-General of NATO also during its war against Yugoslavia, and now promoted to czar of European Union [EU] foreign policy, pronounced himself at a Washington conference on NATO enlargement to say that Europe cannot be fully secure without bringing the Caucasus into its security zone [250]. U.S. Ambassador Nathan Nimitz agrees:

“PAX NATO is the only logical regime to maintain security in the traditional sense... [and] must recognize a need for expansion of its stabilizing influence in adjacent areas, particularly in Southeastern Europe, the Black Sea region (in concert of course with the regional powers...) and in the Arabian/Persian Gulf. The United States must continue to play the major role in this security system” [252]. This statement is not only a guide to policy making in Washington and NATO headquarters in Brussels. The policy is in fact already being implemented on the ground in that the U.S. has been assiduously using economic, diplomatic and military carrots to engage more and more ‘regional powers’ to play assigned roles in this ‘concert’ under its own regional direction. These countries include especially Ukraine, Georgia, and Azerbaijan on the western wing to distant Tajikistan and Kazakhstan on the eastern one of this American and NATO PFP concert hall. All of these states, whether in the oil business or no, happen to be former Soviet republics on the underbelly of Russia.

All this was written and begun to be implemented already in 1997 and earlier. Well before the NATO war against Yugoslavia that was allegedly fought to defend ‘human rights in Kosovo,’ which along with the new NATO ‘out of area’ south-eastward projection toward the oil producing countries can now be better seen in the light of the above considerations. Indeed, “NATO’s regional involvement, especially through PFP [referring to the above mentioned “Partnership for Peace”] is intensifying on a yearly basis. Military exercises also already in 1997 were supposed to show that “U.S. and NATO forces could be deployed anywhere” [266]. “The obvious implication of current policy is that NATO, under U.S. leadership, will become an international policeman and hegemon in the Transcaspian and define the limits of Russian participation in the region’s expected oil boom” [267]. Now the precedent of “humanitarian defense of human rights” in Kosovo also embellishes the “Partnership for Peace” in the Caspian Sea Basin, where it alone might otherwise not evoke enough popular political support from the folks back home. So now in Orwellian language again, not only “War is Peace,” but now it also is highly “humanitarian.” Preferably that is also placed under a mantle of ‘legitimation’ by the United Nations, as now is the NATO military occupation of Kosovo after the war ended. But if that is not available to make war itself, as it was not against Yugoslavia, then ‘legitimation’ may at least sought by the agreement of the “International Community,” whose states [mis]represent at most 15 percent of humanity, but whose bombs spoke so eloquently in 1999 over Yugoslavia. Where will they fall next—yet farther south-east?

“It is highly unlikely that Russia will accept such a position ‘lying down,’” writes Blank, especially in its own Caucasian and Caspian underbelly. Thus, he outlines four main reasons why he regards this U.S. policy as not only misguided but also counterproductive:

1. Structural conditions. Military forces will be deployed in the guise of the now sanctioned 'peacekeepers' or 'peace enforcers,' as Kosovo has begun to confirm since he wrote. But that can mean also overextending these forces beyond domestic acceptance. (Contrary to the propaganda, NATO bombs did *not* bring Milosevic to heel and ground troops would have been necessary, had not Russia eventually withdrawn its support from Milosevic, which is what really obliged him to accept Western terms that by then were far less than those for which it had gone to war.) But what if Russia no more plays along at all? U.S. policy and praxis over Yugoslavia and in formerly Soviet Central Asia and the Caspian Sea area has already shifted the Russian political center of gravity towards sharpened nationalism and a renewed increase in the influence of the military. Yet, already before that, Blank wrote that "Russia will resolutely contest the United States' expanded presence" [263], which can drive Russia into the arms of China and India as "Kosovo" already did, even if it does not threaten a Third World War, as it well may.
2. This U.S. policy also drives Russia to cooperate with Iran, which is certainly not in the interest of current American policy.
3. "It is impossible to discern any strategic context for the Clinton administration's Russia policy...[which will] only enhance Russia's sense of regional threat and propensity to reply in kind, while not preventing it from doing so" [262].
4. For all the power at the disposal of the U.S., Washington "remains singularly unable to use such instruments to obtain a comprehensive and insightful understanding of regional trends and their implications" [262]. Kuwait, Somalia, and Iraq—since then also Kosovo—"suggest that this is a structural failing of U.S. policy" [262].

Thus, the U.S. is enlarging its commitment absentmindedly, Blank writes, in the contemporary continuation of the nineteenth century "Great Game" in Central Eurasia — with still the same major players, excepting the replacement of erstwhile Great Britain by the United States. Equally so in Southwest Asia, that in Eurocentric terminology was in colonial times miscalled the "Near East" [near to whom?] and now in neo-colonial ones the "Middle East" [between where and where?]. Therefore again, the information and analysis in this book on Central Asia and the oil producing Caspian Sea Basin must also be of interest to those concerned with West Asia and North Africa.