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POST-ELECTIONS ARMENIA

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- | | |
|--|----|
| ■ Armenian Elections. No Room for Optimism?
Isabella Sargsyan, Yerevan | 2 |
| ■ Political Parties Before, During and After the Elections of 2012–2013
Ara Nedolyan, Yerevan | 7 |
| ■ Oligarchy in Armenia
David Petrosyan, Yerevan | 11 |
| ■ Elections, Social Movements and Internet Penetration in Armenia
Gegham Vardanyan, Yerevan | 19 |
| ■ 100 Days: The Foreign Policy Dimension
David Hovhannisyian, Yerevan | 23 |
| ■ Armenia and Europe: Can a Country Simultaneously Strengthen Autocracy,
Deepen Its Ties with Russia, and Become European?
Mikhayel Hovhannisyian, Yerevan | 27 |
| ■ Armenia's European Choice After the 2012–13 Elections
Iris Kempe, Berlin | 32 |
| ■ OPINION POLL
How the Armenian Population Assesses the General Situation of the Country
(Caucasus Barometer 2012) | 36 |
| <hr/> | |
| ■ CHRONICLE
From 25 June to 15 July 2013 | 40 |

Armenian Elections. No Room for Optimism?

Isabella Sargsyan, Yerevan

Abstract

This article argues that despite the cosmetic changes that the Armenian government undertook in order to comply with international standards and meet expectations, the situation on the ground worsened after the 2012 parliamentary elections.

Presidential Elections: The “Best Elections Ever” in Practice

After the rigged and highly criticised presidential elections of 2008, and especially following the post-electoral violence when ten people were killed by government forces and hundreds arrested, the international community advised the Armenian government that it would apply the “more for more” principle, providing international aid and cooperation in direct proportion with better elections.¹

Nevertheless, the 2012 parliamentary elections were marked by numerous violations, including extensive use of “administrative” (i.e. government) resources, and an unprecedented level of bribery—of voters, proxies, and members of the electoral commissions. A wide range of educational institutions, public utilities, and health, social, and housing services were dragged into the electoral process.² The most rude, barefaced, impudent and, at the same time, visible methods of electoral manip-

ulations from the 1990s and early 2000s, such as ballot-box stuffing, violence at the precincts, stealing of ballot boxes, and tampering with protocols, were complemented by a more sophisticated, state-orchestrated system that infiltrates all aspects of society.

Following the 2008 disaster, the regime applied all possible efforts to insure its systemic presence in all spheres of people’s lives in order to have full control over the situation in the future. Thus, existing mechanisms were strengthened: the majority of school principals throughout the country became members of the Republican Party, as did university rectors, student government leaders, and the heads of big hospitals and polyclinics. The majority of elected mayors are members of the Republican Party too. District-level police officers, heads of condominium councils, housing operations office managers, and others who have direct access to people at the grassroots level became “agents” of the ruling regime. They are continuously collecting various data on each family in their area of operations³, updating unofficial voter lists; providing an escort to “their” voters at the election day, and engaging in a variety of other activities.

Additionally, in bigger towns and cities, semi-criminal street authorities became deeply knitted into the regime’s system. Along with the actors mentioned above, they became a major force for distributing bribes and exerting voter intimidation and pressure. There is even an unofficial terminology used within those groups (foremen, centurions, millenials) which refers to the number of people they “supervise” and “bring to the polls” on election day. Naturally, this is not work performed for free.

The 2013 presidential elections were expected to be “intrigue free” since the major candidates who could compete with incumbent Serzh Sargsyan—former President Levon Ter-Petrossian, leader of the oppositional Armenian National Congress (ANC), and Gagik Tsarukyan, head of the large and rich Prosperous Armenia

1 “The EU expects elections to be conducted according to international standards. We fully support the OSCE ODIHR recommendations, made after the parliamentary elections, on improving election procedures and their implementation. These recommendations should be implemented as soon as possible. Our policy is, as you know, based on the ‘more for more’ principle: the deeper the reform, the more the EU can and will help”. Interview with Jose Manuel Barroso <http://www.mediamax.am/en/news/interviews/6368/#sthash.FcgBveXO.dpuf>

2 “Notwithstanding fundamental progress in the external, visible aspects of the electoral process, it is impossible to ignore the fact that the distortion of the genuine will of the Armenian electorate is no less than before. The most significant techniques used in limiting free expression of will in the election included employers pressurising staff, the use of various ‘administrative’ (i.e. government) resources, and an unprecedented level of bribery—of voters, proxies, and members of the electoral commissions. A wide range of educational institutions, public utilities, and health, social, and housing services were dragged into the electoral process. Given government employees’ and civil servants’ political dependence on their bosses, as well as the merging of business and government, members of the ruling coalition had exclusive leverage in calling in favours or otherwise influencing governmental organs. These infringements could not have been possible without the engagement of state bodies at various levels”. Boris Navasardyan. Parliamentary Elections in Armenia: From Decorative to Genuine Democracy? <http://library.fes.de/pdf-files/id-moe/09186.pdf>

3 The required data includes the following information: where members of the family work, what’s their income, do they have relatives working in state or public sectors, do they have children in the army, does anyone have any health problems etc.

party, boycotted the elections. Hence, many believed that the elections would be marred not as much by fraud, as during previous elections, but rather by public apathy...there would be no distribution of election bribes, since the main candidate had no formidable opponent⁴.

These elections also demonstrated the increasing competition inside the ruling clique: in the Republican Party, the “young-republican”⁵ group, took the opportunity to guide the action. For them it was important to conduct “the best elections ever” as promised to the international community and, at the same time, to use this chance to take power within their own party from oligarchs, such as Ruben Hayrapetyan and Samvel Alexanyan, who are famous for using the most violent forms of electoral fraud.

With a good degree of confidence, it is possible to state that the Republican Party relied on already established platforms, such as exaggerated voter lists⁶ and administrative resources (including schools, polyclinics, local authorities etc). Most probably, according to their calculations, these actions should have been sufficient to ensure victory to Sargsyan without violence and unnecessary noise. In order to address the criticism that the elections were “non competitive”⁷ and give the appearance of a free vote, the authorities eased control over the broadcast media⁸ and did not obstruct the electoral campaigns of non-incumbent candidates. There were fewer electoral bribes distributed and less pressure on the voters.

Nonetheless, from the very beginning, the campaign did not go the way the Republicans wanted. On January 31, presidential candidate Paruyr Hayrikyan was wounded by unknown gunman in the center of Yerevan and another candidate Andrias Ghukasyan declared a hunger strike under the slogan “Stop the fake elections.” In parallel, Sargsyan’s campaign and interaction with people proved to be rather arrogant and presumptuous. Thanks to instruments of social media and citizen jour-

nalism, many “mistakes” that could be cut from the ordinary media coverage were revealed in the Internet. For instance, in an interview to Gyumri-based Gala TV (one of the traditionally free media outlets), Sargsyan arrogantly and in a vulgar manner proclaimed that he could win as many votes in Shirak Marz as he wanted. This provoked public displeasure and became a subject of political sarcasm.⁹

Opposition candidate Raffi Hovhannisyan took advantage of the freedoms provided. He launched an extensive campaign enjoying a privileged position with at least one TV channel, Yerkir Media TV, as YPC media monitoring suggests. In an unprecedented move, he was allowed to tour the frontlines of the Nagorny Karabakh defence, and the visit was covered by the media.¹⁰ He also spent the largest amount of money during the campaign.¹¹

But, most importantly, the main reasons why Raffi Hovhannisyan unexpectedly performed so well in the election was the voters’ deep distrust toward the authorities¹² and the protest vote. People took the opportunity of the regime’s relative indulgence to vote against the ruling party and Sargsyan in particular. Toward the end of Election Day and as the ballots began to be counted, it became clear to the Republican Party leadership that Hovhannisyan was performing well and the Republican campaign plan did not work. Hence, the oligarchs and their resources were called into action, and all the available arsenal of violent and unlawful practices, such as ballot box stuffing, that artificially increased the number of people voting, were executed throughout much of the country. Here is a quote from Heritage party statement that illustrates the situation “In Abovyan, Serzh Sargsyan lost the vote in 21 precincts out of a total of 25, but received 1101 votes from just one polling station (while his average for the other 24 polling stations was 231 votes) which seems to have compensated for the loss from the other polling stations. In Etchmiadzin, Serzh Sargsyan lost in 19 out of 22 polling stations, but received more than 96% of the votes in neighbouring Aygek village—26 to 758 to his favor. It is inexplicable how a candidate registering similar results in 90% of polling stations, suddenly receives several times more in the remaining 10%.¹³”

4 http://www.armenianow.com/vote_2013/42853/armenian_presidential_elections_2013_campaign_programs

5 The “young republican” is an idiom used predominantly by some members of political opposition and picked up by the media. It refers to younger generation of Republican Party of Armenia and establishes clear linguistic connotations with Young Turks (yeni turk), the government responsible for the Genocide or Armenians in the Ottoman Turkey in 1915–1922. For example see: <http://www.tert.am/en/news/2013/05/05/zahrabyan/>

6 Ambassador of the Great Britain to Armenia worries about exaggerated lists of voters <http://www.arminfo.info/index.cfm?objectid=7F616AB0-649D-11E2-A793F6327207157C>

7 See for example <http://regional-studies.org/en/publications/analytical/70-310113>

8 YPC media monitoring report http://www.ypc.am/upload/YPC%20Monitoring_RA%20Presidential%20Elections%202013_eng.pdf

9 https://www.youtube.com/watch?feature=player_embedded&v=my-e6OEMmCk

10 <http://times.am/?l=en&p=18275>

11 <http://www.pastinfo.am/en/node/7052>

12 According to CRRC Caucasus Barometer 2012 data only 2% of population trust political parties, 4% the parliament and 7% the president http://www.crrc.am/hosting/file/_static_content/barometer/di12/CB_2012_Presentation_eng.pdf

13 <http://www.tert.am/en/news/2013/02/22/heritage-announcement/>

By the end of the day, Sargsyan was re-elected with 59% of the votes, Hovhannisyan received 37%¹⁴. It is noteworthy that Sargsyan was officially defeated in a number of urban areas, including Gyumri, the second biggest city of Armenia. Notwithstanding the numerous cases of electoral malpractices reported by local and international observers and journalists¹⁵, post-electoral street protests, Hovhannisyan's hunger strike and appeal to the Constitutional court, the results of elections were eventually recognised as valid. The USA, Russia, France and others congratulated Sargsyan with victory. The inauguration ceremony was conducted peacefully. The protesters gathered around Hovhannisyan did not undertake any significant resistance under his leadership.

Yerevan City Council Elections: Back to Square One

Within three months after the presidential elections, in May 2013, Yerevan planned to hold city council elections. About 40% of Armenia's population lives in Yerevan and about 80% of economic activities are concentrated in the capital. Hence, the elections are important both for the regime and for the opposition. If the opposition were able to form a majority in the City Council, which elects the mayor of the city, a de facto diarchy, an unprecedented power balance could be created between the city and federal government. Prior to the May elections, opposition parties including ANC, Prosperous Armenia, Heritage and ARF Dashnaksutyun agreed to cooperate in the City Council and work together to prevent fraud.

The regime, however, learned its lesson from the previous round and granted no "favours" to anyone this time. The electoral fraud machine was running at full power. Months before the elections, people were systematically threatened, intimidated and frightened. Cases of intimidation crossed society from ministries to schools. In almost every building block a Republican Party headquarters was established, the reason being not just electoral propaganda but first and foremost surveillance of the inhabitants. The role of semi-criminal, and to a significant extent, oligarch-affiliated elements in these elections is difficult to exaggerate. A widespread anecdote popular in those days claims that the most lucrative business project during the economic downturn was setting up a Republican electoral headquarters. Avetik Ishkhanian, Chairman of the Helsinki Committee of Armenia, which observed the elections

to Yerevan's Council said: "Observers were under pressure, and numerous instances of unknown people present at polling stations were reported. The elections do not at all meet democratic standards". Sona Aivazyan, Head of the Transparency International Anti-corruption Centre, noted that "disgraceful elections have once again been reported in Armenia."¹⁶

As a result of elections full of intimidation and violence, which were watched by few observers representing the Congress of Local and Regional Authorities of the Council of Europe and a few representatives of western embassies, the Republican Party won 56% of the votes, Prosperous Armenia 23% and Barev Yerevan (Heritage party bloc) only 8.48%. Prominent oppositional parties such as the Armenian National Congress and Dashnaksutyun didn't pass the 6% threshold. Oppositional parties and the majority of local observers marked the elections "not free and unfair".

The question then arises: Why did the protest vote approach that worked unexpectedly well only three months before fail this time, and the opposition dramatically lost its influence. I would argue that there are two main reasons for this failure. The first reason is rather objective. In Armenia, presidential elections are widely perceived as the sole possibility for regime change. Usually only these elections generate the largest voter turnout and provoke tense post-electoral developments. As for the rest, including parliamentary and local elections, there is an obvious lack of interest and confidence that they will have any serious impact on the regime change and on peoples' lives.

The second reason was the enormous pressure on voters, which was executed on a large scale and led by the state and its agents. As an illustration one can point out that some governors of regions were called up to Yerevan in order to use their levers of influence on natives from their respective regions living in Yerevan. All available mechanisms of voter intimidation, bribery and pressure that were described above were in use during the elections on May 5.

For instance, on May 5th MP Samvel Alexanyan (also known as "Lfik Samo", and introduced in US diplomatic channels as "A semi-criminal oligarch who maintains an army of bodyguards. He boasts little formal education (maybe the least among oligarchs). Close to the President's office"¹⁷, and the one who actually calls the tune in Malatia-Sebastia district of Yerevan), appeared in a polling station personally to establish "order" him-

14 Official results <http://www.elections.am/presidential/>

15 Check i-ditord map <https://iditord.org/2013-presidential-elections/> and Armenian times newspaper newsfeed <http://www.armtimes.com/tag/6077>

16 From "End of the carousel. Hardly fought election for Yerevan City Council consolidates President Sargsyan's hold on power." <http://electionswatch.org/2013/05/07/end-of-the-carousel-hardly-fought-election-for-yerevan-city-council-consolidates-president-sargsyans-hold-on-power/>

17 <http://wikileaks.org/cable/2003/12/03YEREVAN2975.html>

self.¹⁸ Transparency International, an election observer, appealed to the National Assembly Committee of Ethics, but it declined to discuss the issue based on the opinion that the issues raised in the application were not within the competence of the Ethics Committee.¹⁹

International Reaction: No Smoking Gun?

It is widely argued that reports of foreign election observation missions including those of PACE, OSCE/ODIHR, and CIS to a certain extent are always politically tailored and a product of some bargain with the authorities.²⁰ The question of to what extent they are trustworthy, impartial and really support democratic processes in Armenia is one of the most pressing issues related to the electoral processes. According to widespread public opinion, the international community is not sincere and unbiased in its promises and demands. For instance, despite four PACE resolutions (1609, 1620, 1643, and 1677) that have been passed on Armenia since March 2008, urging Armenian authorities to create an independent commission and to impartially investigate the events of March 1, 2008, the Armenian government managed to mitigate the international pressure without decisive action. No serious investigation was conducted and the people guilty of killing peaceful protesters remain unpunished.

Wikileaks materials related to the 2008 elections and post-electoral processes, including internal discussions over the OSCE report, provide food for thought on how things are done. For instance the US Embassy Chargé d’Affaires Joseph Pennington referring to the OSCE/ODIHR interim report states that “Characteristically, some of the most provocative findings are buried near the end of the nine-page document and in the footnotes” and ends up saying “The ODIHR report highlights an extensive array of various types of electoral violations in almost every phase of the process. However, while documenting a number of serious problems, and presenting other elements that suggest a distinctly malodorous air to the overall proceeding, the ODIHR report does not produce documented evidence of problems in enough precincts to add up to a high enough number of bad votes to categorically cast doubt on Serzh Sargisian’s 45,000 vote margin of victory... There is, however, no smoking gun here²¹”.

On March 5th 2013, Ireland’s former Minister for Justice Dermot Ahern, who served as observer in OSCE/

ODIHR mission in Armenia sent a letter to the Armenian Bar Association Chairman where he noted that “I was director of the elections board at the national and local level for my party. I have never witnessed anything like this. I feel that a full re-examination of this count should take place.”²²

Notwithstanding all the facts and concerns, at the final press conference OSCE/ODIHR election observation mission declared that “The 18 February presidential election was generally well-administered and was characterized by a respect for fundamental freedoms. Contestants were able to campaign freely. Media fulfilled their legal obligation to provide balanced coverage, and all contestants made use of their free airtime. At the same time, a lack of impartiality of the public administration, misuse of administrative resources, and cases of pressure on voters were of concern. While election day was calm and orderly, it was marked by undue interference in the process, mainly by proxies representing the incumbent, and some serious violations were observed²³”.

As a response to that, a group of young representatives of Armenian civil society interrupted the press conference and read their own statement addressed to OSCE/ODIHR mission. The “Stop legitimating the fraudulent election” statement in particular said: “Dear political tourists, we have had enough of your efforts to legitimize the fraudulent elections. The recent presidential election in Armenia, when compared to previous presidential elections, has registered one step forward and three steps backwards, two steps to the right and a half step to the left. In a word, they haven’t corresponded to the RA Constitution, to the demands of the Election Code as well as international standards.²⁴”

That was not the first and only protest of Armenian civil society against statements and practices that some institutes representing the international community exercise towards Armenia. In March 2008 there were protests in front of the OSCE office in Yerevan, in 2008–2009 activities targeting the Council of Europe and addressing the March 1st events and its consequences took place in Yerevan. One can argue that also thanks to the new media, the voice of the Armenian civil society, which to a certain extent breaks stereotypes and taboos, reaches more and more people and gains more influence.

Conclusions: Issues To Be Addressed

Prior to the 2012 elections, one of the most efficient means of fraud prevention was declared mass observation and media coverage. In 2012 and 2013 the num-

18 <http://www.tert.am/en/news/2013/05/05/aleksanyan/>

19 <http://transparency.am/news.php?id=669&inside=1>

20 For example see Judith Kelley. Election Observers and Their Biases <http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/4625/279967300013.pdf?sequence=1>

21 <http://wikileaks.org/cable/2008/03/08YEREVAN213.html>

22 <http://asbarez.com/108717/osce-observer-details-voter-fraud-in-armenia/>

23 Full report is available here: <http://www.osce.org/odihr/elections/101314>

24 <http://hetq.am/eng/news/23565/>

ber of proxies, impartial observers and representatives of mass media was higher than ever. In the 2013 presidential elections, according to the law, political parties represented in the National Assembly could appoint members of local electoral commissions; hence all major political parties had at least one representative in each of the commissions. The 2012–2013 elections demonstrated that those means were helpful, indeed, to prevent some violations in precincts. However, it became absolutely clear that the overwhelming volume of violations is taking place not in the precincts and not on the election day.

The methods and techniques of organisation of the electoral fraud have been mastered by the ruling regime and brought to perfection. They are based on intimidation and terror both in rural areas and in urban districts through the use of administrative means and informal power. The system is fuelled by resources provided by loyal oligarchs and is a result of clear trade-offs. At this moment there are no political or civic forces that are able to counteract the regime given the existing rules of the game. It is extremely difficult to stand against *the state* that possesses unlimited power and employs all possible ways of electoral fraud.

In addition to the mentioned types of electoral malpractices, there are two phenomena that illustrate the essence of Armenian elections from a statistical analyses point of view. The first issue is an “implausibly high turnout,” which is in clear correlation with higher numbers for the ruling regime. This concern was raised both by international observers and the opposition. Second, the situation seems quite strange from a logical point of view since according to the official data, the socio-economic state of affairs in Armenia are worsening and emigration is expanding; at the same time, votes for the Republican Party are growing over the years at the expense of all other parties in absolute numbers.

Political party and electoral campaign financing are also among the most pressing issues, although rarely articulated. There are almost no local businessmen ready to fund any oppositional party openly. The case of Khachatur Sukiasyan, who publicly supported Ter-Petrosian in 2008, and whose business was actually smashed in response, is a vivid lesson learned by Armenian business community.

Despite vociferous statements articulated by the international community and the West, facts come to prove that issues of regional stability and predictability dominate the democracy discourse in the West, when assessing Armenia elections.

Although Head of IOM in Armenia Ilona Ter-Minasyan points out that there is no academically conducted research that clearly establishes correlation

between elections and emigration in Armenia²⁵, some experts suggest that there is a tendency of that kind. After each election taking place in Armenia, there is a new wave of emigration. Most probably the latest elections will not be different in that sense and a new flow of emigration should be expected.

There is no doubt that international election observation missions play huge role and do have very strong influence on the government. At the same time and just because of that, very often election observation reports along with highly professional content and critical remarks, put an emphasis on a rather ambiguous and at the end of the day satisfactory for the government final statement. This undermines the work of individual observers and members of local staff, disseminates seeds of distrust in the society and discredits international organizations.

One of most commonly articulated opinions by representatives of international structures is that elections in Armenia do not correspond to the international standards but in *comparison* with other neighboring OSCE/CoE member countries “they are not that bad”. However, I would argue that the way the elections are conducted should not be assessed *in comparison* with other elections (whether it is past elections in the same country or in neighboring one) but in *accordance and congruity* with OSCE 1990 Copenhagen document²⁶ as OSCE/ODIHR handbook suggests²⁷.

There are some down-to-earth recommendations that the international community could take into consideration. First and foremost, the amendments to the Electoral Code suggested by the opposition and currently rejected by the Republican majority. One of the most important suggestions reflected in the draft is lifting the ban on publication of signed voter lists, which is instrumental in counteracting electoral fraud through exaggerated voter lists.

Taking the above into consideration, it is possible to conclude that the election-free period until the next parliamentary elections in 2017 should be used both by political parties and by civil society for searching and finding creative ways of resistance. Political parties should reorganize and expand to the regions of Armenia and generate long-term support. The tight cooperation between oppositional parties should be strengthened.²⁸ Civil society, in its turn, should use all

25 <http://www.armtimes.com/en/node/31979> (interview in Arm.)

26 <http://www.osce.org/odihr/elections/14304>

27 <http://www.osce.org/odihr/elections/68439?download=true>

28 A positive example of cooperation is mutually agreed changes to the Electoral code of the Republic of Armenia supported by four oppositional parties presented at the National Assembly. The amendments were not accepted since the Republican majority voted against the proposal.

the institutional means available, such as oppositional MPs in the National Assembly, to upgrade the level of public advocacy. Definitely, rapid development of technologies, larger penetration of Internet and advancing new media and citizen journalism will play a crucial role in spreading alternative information and mobiliz-

ing people. From that point of view, it is very important that the opposition and civil society stand against any web regulating laws which may possibly be advanced by the ruling regime in preparation for the next round of elections.

About the Author

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Political Parties Before, During and After the Elections of 2012–2013

Ara Nedolyan, Yerevan

Abstract

The most important event during the first 100 days of Serzh Sargsyan's second presidential term is the abolition, or the radical collapse, of the organized political opposition. Immediately after the election, it seemed that the political opposition headed by Raffi Hovhannisyán (the leader of the "Heritage" party) was at the peak of its power. According to public opinion polls, as well as to his own statements, Hovhannisyán won the 2013 presidential elections. However, the election results were falsified by the government. Society revolted: meetings and protests were held every day in Liberty square. The situation seemed to be turning revolutionary. However, the City Council elections on May 6 were a total failure for the opposition; the Republican Party of Armenia became the leading force in city hall. Thus, the deep crisis of legitimacy that Sargsyan faced since the 2008 presidential elections, expressed in the great public support for opposition political forces, came to an end. This situation may change again, but currently no political force seriously challenges Sargsyan. This article provides an overview of Armenia's main political parties.

The Leading Party: the Republican Party of Armenia

The government is represented by the Republican Party of Armenia (RPA), whose leader is Serzh Sargsyan (Armenia's president). There is also an affiliate party of little influence called Rule of Law that will not be further discussed. During the last five years the representatives of the opposition have been the Armenian National Congress, headed by Levon Ter-Petrosyan, Heritage, headed by Raffi Hovhannisyán, Gagik Tsarukyan's Prosperous Armenia, a relatively "passive opposition", and the Armenian Revolutionary Federation (Dashnaktsutyun) with no definite leader.

Armenian political parties by themselves have not played a prominent role during the years of independence. They have been inconsistent political entities lacking regulations, ideological activity, an open inner debate, close relations with different strata of the society, a definite ideological orientation and a social base. These

parties are mainly clubs of supporters of this or that politician. They essentially support their leader's ideological, promotional and organizational activity.

The leading party's inner life is inevitably wider, as it carries out also the tasks of state governance, partially replacing the activity of other state institutions. This is the reason why it often becomes a place of rivalry between the sub-elites of the ruling elite. Such access to power adds to the attraction of the leading party and stirs public interest in it. The society still remembers the times when all the social events originated inside the leading and the only party, the Communist Party. In this respect, now the leading Republican Party also has some charm for the Armenian society, as there have formed in it some internal struggles and procedures for the resolution of differences.

The present day Republican Party was formed in 1998 as a result of President Levon Ter-Petrosyan's resignation. Before that it had been a minor and non-influential party. Two days after the resignation, several MPs

declared en masse their cooptation into the Republican Party. They were followed by all those state officials who wanted to maintain their posts under the new government. Later the RPA served as a ground for the formation of R. Kocharyan's social basis, i.e. the upper bourgeoisie, which merged with the machine of government. Big capital and the state merged, and this still remains Sargsyan's social base. This base was strengthened by nationalistic ideology (derived from the old Republican Party ideology) combined together with some clerical and glamour-intellectual elitist elements. As a result, a new balanced system was created, which, still the only one in Armenia, was able to replace its leader Robert Kocharyan with Sargsyan. At the same time, it maintained its inner intrigue, which has become the only remarkable intrigue of Armenian political life against the background of the opposition's failure.

There are several competitions going on inside the party: between the holders of "European" and "Russian" positions, as well as between the first generation "plebeian-criminal" businessmen (oligarchs) and the second generation "educated" oligarchy, which also presents itself as the supporter of the country's modernization. There is also a fraction consisted of those who support the party's ex-leader Kocharyan. Sargsyan presents himself as a person who balances all these interests. Thus, the leading party has some of the components necessary for political longevity: an actual and vital (or imitational) inner debate, diversity, a certain inner collegiality determined by the presence of different fractions, a conflict-resolution procedure, and the ability to change the leader in an externally legal way, without delegitimizing the previous leader. The party's main and organic defect is that it still remains the party of the privileged minority. It fails to become a place of self-expression for the citizens of Armenia. It is not able to create a social lift for the society and cannot exist without the monopolistic possession of all the power levers (administrative, economic and cultural). In order to maintain this monopoly, the leading party has to apply force, commit crimes and violate Armenia's democratic constitution and laws. This arouses the society's rightful anger and stirs its inner willingness to change the situation, which becomes the potential for the development of opposition parties.

The 2013 presidential elections were Armenian society's only hope of getting rid of the grouping that has pocketed political, economic and cultural power. Why not the parliamentary or the local government elections? Because the society still relies on a leader that will act in favor of the nation: social self-organization is not regarded as a means of fighting the evil. The leader, in his turn, is expected to co-opt the whole society in the process of governance and in this way modernize the country.

The Armenian National Congress: 2008 and Beyond

During the 2008 presidential elections, the role of leader was performed by ex-President Levon Ter-Petrosyan. He was able to do three important things. Firstly, he characterized the present administration to be a gang, pointing to their anti-constitutional, anti-social and anti-state nature. Secondly, he clearly determined the goal, which was to restore the constitutional order in Armenia, to provide a social lift in the political, economic and cultural spheres, and to abandon the clerical-nationalist (elitist) ideology. Finally, Ter-Petrosyan was able to create a large political union, gathering around him almost all the opposition groups of Armenia. This made a clear impression on the society. Ter-Petrosyan announced that he was the winner of the 2008 presidential elections which were falsified by the government. Then the society started what was later called a "constitutional revolution".

Everyday meetings were held in Liberty square, the government was troubled and deployed police force against the peaceful demonstrators. During the night of March 1 to March 2, 2008, the unarmed demonstration was suppressed with the use of weapons. Ten people were killed and hundreds of people were arrested on false accusations. After these events, the opposition declared the formation of the Armenian National Congress, which was meant to be the union of those political forces and citizens who supported the restoration of the constitutional order. Ter-Petrosyan declared himself to be the political instrument of the citizens. The main work style of the Congress was the so-called "street policy" in the form of meetings, marches and pickets.

The original Congress managed to become a place for the society's self-expression, but not a place for gaining political power. It obtained a diverse inner ideology with the cooperation of, for example, the conservatives, the socialists and the liberals. Open professional commissions operated there and formed policies of political and economic transformations. A new independent media was formed in Armenia around the various issues put forth by the Congress. At that time the social movements for ecology, law enforcement and social self-organization became active. The crowded square served as a link for all these processes: it provided a common information area and resulted in the unity of public mind with public activity. Life can be changed—this time not through a revolution with a negligible result, but consciously, by creating a modern field of democratic values and starting a free social debate—this was the main idea of the process.

This productive social situation lasted for four years, until the autumn of 2011. There is no clear benchmark

to which the decrease of this activism can be related. The main reason for this might be the fact that the Congress was not institutionalized. Its original structure and the official staff did not change, moreover, the existing structures degraded instead of developing. New social groups did not become members of the Congress, and the experience of cooperation of the different existing groups was not given a normative formulation. No platform was created to unite the ordinary members of the Congress on a daily basis, the speechmakers at the podium remained the same, and there was no party media developed. All the new and existing enterprises that were not part of the Congress administration, were not regarded as expressions of the Greater Congress: on the contrary, they were considered to be unwelcome competitors. This led to the paradoxical break of the Congress with public movements, independent media, artistic circles and, finally, with society. Here we can also see the society's fault expressed by its tendency to become easily fascinated and easily disappointed, by its suspiciousness and too critical attitude toward Ter-Petrosyan or the Congress, and finally, by its lack of understanding. As a result of this, the Congress was rapidly gaining an undesirable "brick-stone identity" and predictability. The inner debate was fading, and the chances of self-expression via the Congress were growing smaller and smaller. Then a conflict occurred between the founders of the movement. The Congress lost its main quality of uniting people, and the spheres of expression were blocked because of the absence of normative means of manifestation, because of the hierarchy and roughness of the inner debate forms. In the end, the Congress turned into an ordinary party in the Armenian perception of the concept (devoid of real substructures, regulation, debate, creativity and social base). This led to the failure of the Congress to participate in the country's political processes. The Congress did not participate in the 2013 presidential elections, and at the 2013 City Council elections did not receive even the minimum of 5% of the votes.

However, during the four years of its active existence, the Congress created a valuable example of democratic policy, gained experience and intellectual achievements that, together with the mistakes, still remain actual and exemplary.

Heritage and the Problem of Inheriting a Democratic Movement

Thus, we saw how the Armenian society, though perhaps not very wisely, ceased to trust the establishment of democracy in Armenia to the Armenian National Congress. But the problem remained unsolved, whilst the presidential elections were about to start. The Armenian

National Congress and two other political forces (Prosperous Armenia and the Armenian Revolutionary Federation) decided not to take part in the elections. During his campaign the leader of the Heritage, Raffi Hovhannisyan, applied a new style, which he called "BAREV revolution" (BAREVolution—a "Hello Revolution"). He walked in the streets of Yerevan, travelled to the regions and greeted everyone, talked with them, thus creating an image of a sociable and modest political figure. Hovhannisyan was born and educated in the USA. In 1992 he was appointed the first Minister of Foreign Affairs of independent Armenia. During the year in this post, he led a moderately nationalistic, mostly anti-Turkey policy. Because of this policy he had to resign from the post. Together with this moderate nationalism, the Heritage, which also has a parliamentary group, during the past years had gained the reputation of a party that helps people in need. Its campaign was based on this idea. The Heritage had always been liked by the society, for being constantly oppositional but in a soft way, unlike the rough style of the Congress. At the same time, the Heritage displayed the same soft opposition against the Congress itself. During the 2013 presidential elections, these factors worked in favor of Hovhannisyan, and the latter won the elections, according to public opinion. Again, like five years before, demonstrations and meetings started in Yerevan's Liberty square. Hovhannisyan paid active visits to the regions, which was highly appreciated by the population. He declared that he was no longer the representative of the Heritage, but the representative of the whole society. He promised to unite the oppositional part of society and claimed that he didn't regard the government as his enemy either, but wanted it to fulfill the people's wishes. However, in contrast to the Congress, the public activism of Raffi lasted only three months. At the end of this period, the public disappointment was obvious.

The reasons are manifold. Firstly, unlike Ter-Petrosyan, Hovhannisyan did not bring with himself a new and independent political text. Of course, his non-elitist, non-hierarchic attitude was a fresh and effective factor. But the basis of values brought by him was too eclectic, somewhat contradictory, and highly populist. Secondly, despite the fact that different political groups participated in Hovhannisyan's meetings, namely the ARF-Dashnaktsutyun and one of the former leaders of the Congress, Raffi failed to create a structure capable of a long struggle, like the Congress. Although Hovhannisyan did not refuse the idea of creating an openly working alternative government, it was not fulfilled because of the lack of a decision-making system. There was also a lack of ideological discussion and strategy elaboration in the square and among the society. It was disappoint-

ing that Hovhannisyan, who named his party “Heritage”, refused to inherit the legitimacy of the past five years’ struggle, not considering his movement as the continuation of the previous one. By his contemptuous attitude towards the past struggle of the Congress, Hovhannisyan hurt the people who had been in the same square five years already. He did not understand that these were the same people, the same society.

Hovhannisyan’s movement seemed to correct many of the deficiencies of the Congress, but at the same time he refused to accept its fundamental achievements in organizing a social struggle, its rules and values, its experience and text. At the City Council elections in May 2013, the Heritage received an offensive 8% of the votes and gave up its public activism for the time being. We can say that the Heritage manifested itself as an alternative not to the government, but to the previous opposition. In many respects it was really a positive opposition, which corrected the mistakes of the previous one. However, in core matters, i.e. how to unite the society, how to make the oppositional movement a free and responsible place for the self-expression of people, it did less than its predecessor, both from the conceptual and the practical points of view.

Prosperous Armenia: A Continuously Failing Alternative?

Prosperous Armenia is the party of Gagik Tsarukyan, a businessman and an oligarch. In fact, it is based on the same values as the ruling RPA, on the idea of the unity of big business with the government. For a long time it was RPA’s coalitional partner. However, in 2010 this party left the governing coalition and announced itself not an opposition, but an “alternative” to the ruling party. Tsarukyan made the impression on some part of the society that he was going to help everybody to prosper like him, and activate a social lift that will not require the change of the present political-economic system (oligarchy). In this system only the minority is able to prosper politically, economically and culturally, through repressing the majority’s rights. So, it is not clear what plan Tsarukyan suggests to overcome this circumstance. We don’t know any serious concept or program either that would express Tsarukyan’s vision of Armenia’s future and the reforms the party intends to make. In spite of, or due to that, Prosperous Armenia arouses romantic hopes among quite a great part of the voters, and it has a big, though not very influential (about 20%), factions in the Parliament, City Council, as well as in the regional local government bodies. Probably, Tsarukyan manages to maintain some inner life, inner interest inside his party. This interest is possibly based merely on his personal career. The Congress

leader Ter-Petrosyan had hoped that Prosperous Armenia would join the oppositional movement and become a party that protects the interests of the majority. This, in its turn, would break the vicious link between business and the government, and would serve as an example for the other businessmen, stirring their wish to establish a constitutional order or, in Ter-Petrosyan’s words, to make a bourgeois-democratic revolution. However, Tsarukyan did not accept that co-operation, though in separate matters his party co-operates with the parliamentary fractions of the opposition. It is not clear why the big bourgeoisie should go for that revolution. They have already made such a revolution, uniting with the government, becoming its social basis. The democratic revolution and the establishment of a constitutional order can endanger their monopolistic-oligarchic positions, turning them into ordinary businessmen.

In any case, the uncertainty of principles, adopted by Prosperous Armenia and considered by some to be the party’s advantage (since the party, as an instrument, could be used to promote any principles that it adopts), seems to become its deficiency. If Tsarukyan used to play the role of a powerful “joker” in the political field, whose support was needed by both the government and the opposition, now he will probably start playing the role of an unnecessary factor, unreliable for both the government and the opposition, as well as for the society. Anyway, the failures of the opposition at the latest elections worked not in favor of Tsarukyan, but in favor of the government. Tsarukyan just maintained his previous rating, which, probably, is a failure for him.

ARF-Dashnaktsutyun¹: With Whom and For What?

The ARF-Dashnaktsutyun is probably the only party in Armenia not focused on the cult of personality. It has an inner structure, operating regulations, and comparatively decentralized and localized institutions. The party has a 100 year history and a great reputation in the Diaspora; being a member of the Dashnaktsutyun is in some sense a way of living, an identity. However, in the last 10 years, the Dashnaktsutyun has failed to obtain a reasonable, programmed and ideological form, text and position. During Kocharyan’s rule it was part of the governing coalition, but then it left the government and declared itself an opposition. The party refused to join the Congress. However, it joined Hovhannisyan’s movement, but here too failed to display a stable political position. It did not even try to modernize its socialist origins, while there is probably public demand for such a position in Armenia. The party’s nationalistic

¹ In Armenian “Dashnaktsutyun” means “coalition.”

posture is modernized to some extent, but here it has strong rivals in the face of the RPA and Hovhannisyan's Heritage as well. The Dashnaktsutyun has a small faction in the National Assembly, which co-operates with the other members of the opposition in specific cases. It didn't receive the minimum of 5% of votes at the City Council elections. Since it has a system for leader elections and rotation inside the party, it will remain in Armenia's political life, and perhaps the new generation leaders will help it to restore its ideological identity and social basis.

Conclusion

The main problem of Armenian political life still remains unsolved: the construction of a democratic state, i.e. the return of the majority of the citizens to an active political, economic and cultural life, and the release of all these spheres from the monopoly of the minority, exemplified by the RPA. It is obvious that, on the one hand, the leading party cannot satisfy this demand, as the party is based on the minority, and its being in power is based on fundamentally illegitimate actions of rigging elections several times; and, on the other hand, the temporary defeat or retreat of the political opposition does not mean that the society will give up this demand. This means that oppositional political unification is unavoidable. It is impossible to predict when this will happen: we can only enumerate some of the priorities for future opposition's success or failure, judging by the experience of Armenia's social-political struggle.

About the Author

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Success requires a large social movement, a coalition of political forces, and encouragement of the creation of new activist groups, public creativity, identities and factions during the movement. It also requires institutional growth, formation of procedures and formats. At the same time, it demands great responsibility. Additional factors are: presence of a clear political text without nationalistic, populist and elitist deviations; awareness of the fact that the struggle is for the majority and for the restoration of everyone's rights; localization of the movement to the communities level; involvement of different social groups (lawyers, ecologists, students, small and big businesses, etc.) into the process, permission for them to speak on the podium. The successful movement should declare itself a successor of the previous public movements, which means to examine and evaluate the past movement, involving the participants of the previous stages. The new movement should not be allowed to privatize the struggle as it doesn't belong to the parties and their leaders: they are only instruments for the struggle that belongs to the society. But the society, in its turn, should understand its leaders and be grateful to them, for they are also members of the society and have done everything in their power, perhaps much more than the rest.

If all these conditions are met, the establishment of a republic in Armenia is unavoidable.

Translated from the Armenian by Tatevik Mkhitarian

Oligarchy in Armenia

David Petrosyan, Yerevan

Abstract

This article provides a history of Armenia's oligarchs with the intention of defining ways to reform the system to end the country's stagnation.

Introduction

Oligarchs in Armenia are individuals who live in the country and hold exceptional financial power (in comparison with the majority of inhabitants) and quite often a monopoly of power over a particular economic sphere.

Since the mid-1990s they have penetrated into government structures in order to maintain their power. At the same time, some state figures often turn into oligarchs making use of their possibilities in the government. Many experts consider Armenia a country ruled

by oligarchs. The clan nature of the oligarch “empires” and the role of those clans in politics (e.g. in the process of elections) of the recent years has led some researchers (e.g. Gayane Shaghoyan) to the conclusion that, due to the blood-related ties, clans in Armenia have become the main political unit holding greater significance than political parties.

There is a widespread view in the society as well as an in mass-media that Armenia is an oligarchic country. However, there are few publications on the structure, composition and history of oligarchy in Armenia available. One of the few researches of that kind has been published in Nelson Shahnazaryan’s 2012 book “The Meaning and Strategies of a Nation’s Development,” (p. 102–132 in Russian). The research was done in 2003 and draws the conclusion that oligarchs have no long-term vision of the future and don’t consider themselves responsible for the fate of the country. There are also some media publications (referred to later in this article) which mainly dwell on what is owned by each oligarch. Some information about oligarchy has penetrated into the social discourse thanks to Wikileaks.

Articles seldom describe the business-schemes used by oligarchs for making money. One such case is the famous scandal about the offshore company opened in Cyprus, one of the co-owners of which, according to the journalist-researchers from the Internet-publication “Hetq”/“Trace”, was the Prime-Minister of Armenia Tigran Sargsyan. The story about the company appeared in May 2013 and led to discussions in the National Assembly at the beginning of June 2013; however, at the time of publishing this article, Sargsyan denied his complicity in the offshore scandal and the company’s operations (connected with diamonds from Sierra Leone). Another very important publication about oligarchs was the extensive interview with one of the most well-known Armenian oligarchs, Ruben Hayrapetyan, the president of the Football Federation, taken by Seda Mavyan in September 2012 for the French–Armenian magazine “Nouvelles d’Arménie”. The interview was published in Armenian in full. For it, Seda Mavyan was awarded the prize for the best journalist-researcher by several authoritative media organizations in Armenia, in May 2013. The prize was notable as it was the first time in the course of its long existence that it was awarded to a journalist from the diaspora. The interview, surprisingly sincere for an oligarch, gives a deep view into the processes which contributed to the development of Armenian oligarchy from the times of the Karabakh conflict up to the present day.

The present article attempts to analyze several aspects of oligarchy in Armenia in the light of the second term of Serzh Sargsyan’s rule, hoping to discuss a phenome-

non that is necessary to understand in order to undertake the kind of reforms which could help Armenia to exit its economic, political and social stagnation.

The Beginnings: Unrealized Programs and Projects

As a result of the elections of the Supreme Council (parliament) in Armenia in May 1990, the Armenian National Movement (ANM) party came to power. It was historically the first time that the opposition won the elections. The pre-election program of ANM focused on the necessity for political reforms. As for economic reforms, there were general statements as to the need of some free market reforms, privatization, etc.

ANM came to power at a time when Armenia was going through the hardest period of the planned economy’s collapse. The country suffered from a crippling shortage of goods, a blockade of land transport and Soviet Prime Minister V. Pavlov’s confiscatory money reform.

The first non-communist government of Vazgen Manukyan and the First Vice Prime Minister Hrant Bagratyan initially lacked a clear plan for extensive structural and other kinds of economic reforms. However, the government had the political will to carry out such reforms, and the parliament supported it.

The most significant reform was the privatization of land. As a result of this effort, in the mid-1990s, Armenians were able to save their compatriots from hunger during the war and the blockade by Azerbaijan and Turkey. Alas, the privatization of land remained the only notable achievement of the agrarian reform. There was a need for some programs and means of their realization in order to continue the reform. But there were none. The credits allocated by international organizations, according to widespread popular views, were essentially “pilfered” in the second half of the 1990s and in 2000s, i.e. pocketed by individual members of the government with no positive consequence for the population.

Long before the collapse of the Soviet Union, in December 1989, a year after the great earthquake in Armenia, the project “Europolis” was first presented. It had been initiated by a well-known businessman from the Netherlands, Robert Nieland, who was the president of the project. He was supported by two vice-presidents, Hans Schloemer, a citizen of both Germany and the Netherlands, and Grigor Badalyan, a Soviet, then an Armenian diplomat (the first representative of Armenia in NATO).

The authors of “Europolis”, who started cooperating with V. Manukyan’s government in 1990, meant to build a city in the region of Yeraskh, in the context of the international assistance to Armenia. The city was to

have factories based on modern technologies. The project took into account the fact that Soviet Armenia was one of the most technologically-advanced countries in the Soviet Union, and had a high scientific-technical potential. That potential was supposed to be preserved and heightened.

Almost at the same time, H. Schloemer, who had the experience of reforming the planned economy of Hungary into a market one, offered the government of Armenia the CARE (Committee for Armenian Reconstruction of Economy) program of reforms.

The CARE program of systemic transformational reforms provided a clear plan of transiting the Armenian economy into a market one, relying on its scientific-technical and intellectual potential and its resources. The plan also provided for the preservation of significant state packets of stocks in the enterprises of the key branches of economy.

There were world-famous experts, some of whom were Nobel prize winners in the sphere of economics, who were ready to give Armenia consulting help with the reforms in the framework of CARE. The program received the formal approval of the European Commission headed by Jacques Delors.

After being discussed in the Parliament's Economics Commission (chairman Ruben Torosyan), the CARE program was approved and sent to the government. Despite the opposition of the ambitious First Vice Prime Minister H. Bagratyan, who had his own views about carrying out reforms in Armenia, the program was supported by Prime Minister Manukyan. It also had the support of Levon Ter-Petrosyan, then the Speaker of Parliament.

However, after the protocol allowing the CARE program to start was signed in the summer of 1991, a series of events took place preventing its implementation. Manukyan resigned, the August Putsch failed in Moscow and the Soviet Union started to collapse. In September 1991 Armenia held a referendum on independence, and in October 1991 the president was elected. In December 1991 the Nagorno-Karabakh conflict grew into a bloody war and the Government of Armenia had no time for CARE.

In April 1992 the First Vice Prime Minister H. Bagratyan offered the Parliament his own program of reforms which was based on gradual privatization and systemic structural changes. He chose the branch that was supposed to become a unique locomotive of the economy and an axis for the whole transition process of painful reforms: the mining industry and non-ferrous metallurgy. However, the Parliament, where ANM had no constant majority, blocked Bagratyan's program. The criticism of the program, which promised the preser-

vation of Armenia's technology potential, was based on political rather than economic arguments. The opponents of the government claimed that it was unnecessary to adopt a program of such large-scale economic reforms while the political line of the country was not fully determined yet.

In this way, political collisions prevented the realization of those market reforms in Armenia which would better take into account the country's peculiarities and potential.

In our view, if the reforms suggested by CARE or by Bagratyan's program in 1992 had been implemented, the possibility for the rise and dominance of oligarchy in Armenia would have dropped to a minimum.

First Generation Reforms and the Formation of Armenia's Oligarchy

Real large-scale and systemic reforms under the patronage of the IMF began when H. Bagratyan became Prime Minister (February 1993). Bagratyan had to control the situation in the country during the war, a difficult energy crisis, the blockade of land transportation and Armenia's forced exit from the ruble zone (Autumn 1993). Making economic reforms during wartime (or an armed conflict of middle intensity) is Armenia's unique experience.

However, these were no longer the reforms designed by Bagratyan, but to a great extent the standard reforms of the IMF. The international financial institution had carried out similar reforms in almost all post-Soviet countries as well as in some countries of Eastern Europe. For instance, the IMF program implemented voucher privatization in contrast to what CARE and Bagratyan's program proposed.

The voucher privatization resulted in the concentration of Armenia's almost entire national wealth in the hands of 45–50 families. According to different evaluations, these families now control 54–70% of the country's national wealth (according to *Forbes*, 44 families in Armenia control 52% of the GDP).

The economic reforms of the IMF took place in parallel with the war in Nagorno Karabakh (1991–1994). The situation resulted in the formation of oligarchy at the beginning of the 1990s and during the 2000s. The oligarchy is a corrupt administrative system in which at some point both names and party affiliations cease to matter, and the power of an individual or a group is decided by its financial might. It is a very simple system: if you have money, you solve your problems independent of your party affiliation. If you don't have money, you do not solve your problems even if you are a member of the ruling party. That is why the former representatives of the Soviet party nomenclature, who were able to preserve their financial assets accumulated during

the Soviet years, are still, in many cases, the masters of the country. Hence, the presence of former Communist party nomenclature representatives or their children in the government. This means that, in analyzing the origins of oligarchy in Armenia, it is necessary to analyze the system of corruption during the late Soviet period.

Still, the first generation reforms, and particularly the privatization of land, led to the formation of a class of small and medium proprietors. The latter were interested in continuing the reforms, forming a competitive and civilized market, adopting and executing laws, limiting the power of functionaries and contributing to the fight against corruption.

Voucher privatization became the first and major means spurring the rise of oligarchic structures in some former Soviet countries. In Russia, such structures were formed around the financial streams of export-import operations. Some of these operations involved the production and export of hydrocarbons (oil and gas), non-ferrous metals (aluminum, copper, nickel), high-electricity production (urea, ammonia) and the import of food, consumer goods, advanced technology products and humanitarian aid. The large sums, accumulated by Russian oligarchs, and their direct link into the highest level of the state, guaranteed that they could control the new state and social structures.

In Georgia, such oligarchic structures formed around President Edward Shevardnadze, and were bound to big business and transit. During Mikheil Saakashvili's rule, following some redistribution of property, apparently new oligarchic structures started to form around the large financial streams entering the country. Corruption that had been common, ill-structured and non-centralized under Shevardnadze became elite corruption under Saakashvili.

In Azerbaijan oligarchic structures formed around the oil sector and on a clan basis. The leading and most important clan was Heydar Aliiev's Nakhchivan clan, the dominance of which is now promoted by his son Ilham.

Armenia is neither a natural resource producer, nor a transit country. During the Soviet era, its industry was focused on manufacturing and was close to the military-industrial complex. Experts claim that in Soviet times Armenia produced up to 40% (in monetary terms) of Soviet military electronics. It seemed that the potential for forming oligarchic structures in the country was not great. However, oligarchy in Armenia formed through connections with the existing geopolitical situation, particularly, the Nagorno Karabakh war and to the blockade by Turkey and Azerbaijan.

Oligarchic groups in Armenia were structurally based on power ministries (first of all, the Ministry of Defense and Ministry of Home Affairs) and on the

state agencies which controlled the transportation (to the North and South, as well as the airport "Zvartnots"). During wartime, colossal (by Armenian standards) financial streams passed through the power structures of Armenia.

The oligarchic structures were at first oriented towards export-import operations. Export operations were based mainly on the export of non-ferrous metals, scrap, consumer products and equipment. Import operations included the import of oil products (the total capacity of the domestic market for oil products in Armenia comprises no less than 100 million dollars in monetary terms, which is a significant sum for Armenia), industrial goods, processed food, as well as humanitarian aid. Due to the limitations imposed by the blockade, several groupings, supported by official structures, took almost monopolistic control over the most important transportation routes, which provided them with excess profits since the blockade blocked all other shipments.

Here is an example of how the power structures influence the economy of the country. In 1994, the then Interior Minister Vano Siradeghyan gave an order requiring fire extinguishers to be stored in all kinds of motor vehicles in Armenia. The price of fire extinguishers was 20 US dollars. The mandate of importing them was given to only one company, which was headed by one of Siradeghyan's relatives (Khachatour Sukiasyan, the present head of "SIL Group" concern). Newspapers wrote about what was going on, but the deal was successfully implemented.

Another example is the oil products market. As the capacity of the market is not large, oil products traders usually stake on the turnover. In today's domestic market of oil products in Armenia (despite the comparatively small capacity, one of the most profitable in the country) the optimal turnover of the capital takes 10–12 days. By extending that term for even one more week, the supplier dealing with the business of oil products will encounter serious problems. If the term of the turnover extends to four weeks, the company will simply collapse. This system in the oil products market of the country developed spontaneously, but it is regulated quite skillfully by the oligarchic structures which control the greater part of that market. It allows, on one hand, to maintain quite high and profitable prices on oil products, and, on the other hand, to keep the prices on such a level that consumption would not be reduced and the term of the turnover would not be extended. But how do they manage that?

According to media reports, the import of oil products into the country is monopolized. The owner of the company "MIKA" Mikhail Baghdassarov, according to the media (and Wikileaks as well), is one of the big-

gest business partners of president Sargsyan. Reports refer also to the company “FLASH”, whose owner Bar-segh Beglaryan, enjoyed the benevolence of former president Kocharyan.

We find that actually there is no monopoly in this sphere: instead, there is a shadow cartel agreement between several big groupings each of which has the support of this or that official structure. This confirms the findings published in the above-mentioned book by Shahnazaryan: they indicate that oligarchic businesses are short-termed, based on continually renewed oral agreements (which increases their chaotic nature and makes it impossible to work out a long-term strategy), have a cartel character and are attached to the political system, especially at the higher levels of government.

Thus, oligarchic structures in Armenia lack the necessary financial-economic stability compared with Russia, for example, and their influence to a greater degree depends greatly on their intimate closeness with power structures.

The rising and successfully functioning oligarchic groupings of the 1990s needed another government that would serve their business interests and guarantee their superprofits. That is why they had little interest in President Levon Ter-Petrosian who, in contrast to the majority in his surroundings, did not take bribes. His cleanliness explains the fact that the rising oligarchic structures only welcomed his removal.

Minor and medium proprietors were not able, or didn't want, to support President Ter-Petrosyan as they were not politically organized. Besides, they hoped that the new government would protect their interests better. Thus, the widespread opinions of many political analysts about the reasons behind Ter-Petrosyan's resignation are apparently incomplete. They refer, on one hand, to his unwillingness to govern after rigged elections, and, on the other hand, to his “soft” (if not “defeatist”) position towards the Karabakh conflict settlement. Economic, financial and business factors in his removal are usually not discussed. It was the financial-economic restructuring of the government that played a great role in Robert Kocharyan's rise to power. The latter, in his turn, brought to an end the construction of the oligarchic system by 2003, the second term of his rule.

Failure of the Second Generation Reforms. The Flourishing of Oligarchy.

As should have been expected, the end of the war and continued blockade, as well as various domestic developments led to the arrival and strengthening in the government of Armenia of former state and military leaders from Nagorno Karabakh, who had dealt with huge financial streams during the war. Most promi-

nent among these were ex-president Robert Kocharyan (1998–2008) and the current president Serzh Sargsyan (since 2008) who used to be the minister of home affairs and national security, as well as the minister of defense of Armenia.

Kocharyan's personal business interests became apparent quickly and he started to take an active part in the economic and financial processes in the country through his men. During Kocharyan's rule, the second generation economic reforms (such as favorable conditions for small and medium businesses) were first slowed down, and then essentially blocked. However, the economy grew due to the effect of the first generation reforms despite the fact that they had been carried out with several mistakes.

Armenia started to demonstrate double-digit GDP growth and a rapid pace of economic revitalization. Kocharyan's propaganda machine even called Armenia a “Caucasian tiger”. However, there were other parallel processes going on: big enterprises were privatized and dissected very cheaply, and the government started to take part in the privatization and large-scale commercial transactions. The details of these processes were described in a series of articles entitled “Robbers of Armenia”, published in the Russian electronic press in 2010. More than three years have passed since the publication of these articles (they stated in particular that Kocharyan's personal property is worth 4 billion US dollars, and Sargsyan's property is comparable to it) but their content has not been contested in any court. None of those mentioned in “Robbers of Armenia” has demanded that the publication be retracted, and no one mentioned in the series has ever sued in court to protect their honor and dignity.

During Kocharyan's rule, a peculiar tax appeared that benefitted him in his position as president. In the middle of the second term of Kocharyan's rule in 2005–2006 some groupings connected with import operations took the lead. Afterwards, as described in “Robbers of Armenia”, the present Prime Minister Tigran Sargsyan, then head of the National Bank of Armenia, made an agreement with the importers, evidently with Kocharyan's approval. According to the articles, the essence of the agreement was to make the Central Bank raise the dram rate artificially relative to the bi-currency basket of dollar-euro.

The artificial rise in the dram rate and, correspondingly, reduction of dollar and euro rates took root in Armenia. Several pro-government experts, who could not avoid commenting, called this the “Dutch disease” of the Armenian economy, the cause of which was not the inflow of petrodollars but... construction. According to the official statistics, construction activities were

responsible for the main part of the growth of Armenia's GDP in the mid-2000s. It became the locomotive of Armenia's economic growth.

Indeed, the capital accumulated due to the discrepancy in currency rates was reinvested in the sphere of construction, as that is where the highest level of profit was registered (about 100%, even more in the centre of Yerevan). Independent experts tried to draw the government's attention to the disproportion of investment policies, pointing to the necessity of diversification of investments and to the low quality growth of the country's GDP. Only the economic crisis of 2009 confirmed their anxiety. The consequence of it was the lowering (though by no means drastic) of real estate prices and especially the skyrocketing amount of unfinished construction.

Construction in the center of Yerevan, the most lucrative area, led to the demolition of historical buildings, illegal resettlement of the population and buying-up very cheaply the land belonging to them. The government used the Law on Eminent Domain to make many people homeless. Thirty five cases of these people are currently with the European Court of Human Rights (ECtHR). The ECtHR declared a violation of the applicants' rights in fifteen out of the fifteen cases submitted and reviewed, with various reimbursements ordered. Only two cases have been refused a hearing by the Court. The other cases are still in the process of review. The construction continues without taking into consideration the opinion of the society and of independent ecologists and architects, violating the existing standards and town-planning norms. This stimulated the rise of public movements for the protection of Yerevan and, more widely, the strengthening of the ecological movements.

Considering that housing constructed in 2000–2012 is still unutilized, often unfinished, and the prices are mostly frozen towards the expensive end, there is reason to suppose that the capital invested in the construction came from the black or gray economy, and the entire project is about money-laundering.

The artificial raise of the dram rate and the drop of the dollar and euro rates helped the importers who, by means of converting their income from the local currency to cheap dollars/euros, made much more profit exploiting the difference in the real worth of the commodity versus its worth as determined by the rate set by the Central Bank. This difference resulted in a sharp increase in the importers' income and a sharp decrease of exporters' income: the latter fell into a difficult situation after the collapse of the USSR, for the export from Armenia dropped to a very low level after economic relations with other parts of the USSR had been broken. This was a strong blow for Armenian commod-

ity producers who had just started to expand the possibilities of export.

Among such importers we can emphasize the name of Samvel Aleksanyan, the biggest importer of food products, who has been in the center of public attention during the last year: he has privatized the building of the Covered Market, a part of Yerevan's architectural heritage, and is building a modern mall on its basis, destroying and modifying the existing building despite public outrage.

The scheme discussed above started to bring more profit, besides other reasons, due to the increased number of transfers by Armenian guest workers to their families (no less than 2 billion dollars a year). The greater part of these transfers were, and still are, spent on public utilities, food, mostly imported, and essential goods. Some experts think that the high rate of the dram is explained by the above mentioned factor. However, considering that the Armenian economy is politically "skewed", i.e. importer oligarchs are supported by the government, export is monopolized, and the local manufacturer is controlled, transfers themselves would be insufficient to provide for such a high rate of dram.

Eventually the dram rate gradually dropped, besides other reasons, because of the financial-economic crisis of 2009 (GDP fell approximately 15%). As many Armenian experts suppose, today's dram rate is also artificially increased regarding the dollar-euro. This rate is a compromise between the importers supporting Sargsyan and the exporters of non-ferrous metals (mostly copper and molybdenum). That kind of export started to develop (or recover after the collapse of the USSR) during the last 10 years and has raised a great anxiety among the society as the development of the mining industry has harsh ecological consequences. According to several sources, the mining industry is mainly backed by the interest groups close to ex-president Kocharyan. In addition, the manufacturers of alcohol and tobacco products, included in President Sargsyan's pool, are also interested in keeping the "compromise" dram rate.

The manipulations with the dram rate demonstrate the dependence of the economic and financial systems on the highest echelons of the state who therefore should be considered the main oligarchs of Armenia.

The strengthening of Sargsyan's positions in the mid-2000s and eventual arrival to the presidential post in 2008 can be explained by several factors. The first is his close alliance with his predecessor. In addition, in contrast to other oligarchic groupings, Sargsyan and the members of his clan made massive investments into politics and media. This resulted in a situation where, during the first half of President Sargsyan's first term in power, the financially independent media in the country

practically disappeared. As the opposition states, 90% of Armenian mass-media are controlled by the president's son-in-law, Mikayel Minasyan. The control is carried out, among other means, through the monopoly in the market of advertising. Perhaps the number is exaggerated. The rest of media is financially dependent on, and controlled by, other financial-economic groupings, as well as by the political opposition, those these are relatively small outlets. Despite the rapid development of the internet media, the population still receives most of its information from the traditional media: more than 90% of the population watch the main "public" TV channel, fully controlled by the government: H1.

In these conditions, the attention of the "independent" media (outlets whose ownership is not clear to the public) focuses on MP and oligarch Gagik Tsarukyan, who is also the president of the National Olympic Committee and the leader of the Prosperous Armenia Party (PAP). The "independent" media presents him as the main oligarch of Armenia and also as a member of the opposition, in order to divert the public's attention from the understanding that the true oligarchs are the most high-ranking officials of the country.

It is obvious that Tsarukyan has always been Kocharyan's biggest business partner. His business interests are mainly in gas stations, the agrarian sector, food, alcohol, as well as construction materials. Besides, Tsarukyan is an exporter. He, of course, made most of his capital under Kocharyan's patronage and during his rule. It is also worth mentioning that he owns a comparatively large-scale businesses outside the country, in several former Soviet countries, in Eastern Europe and in the Middle East. According to the series of articles "Robbers of Armenia", his wealth is equal to one billion dollars.

A question arises: are there indeed any contradictions between Tsarukyan and the ruling elite and, if any, what are they about?

In our view, these contradictions are the following:

- Today's ruling elite in Armenia, headed by S. Sargsyan and T. Sargsyan, represents and promotes the interests of the comprador capital, while G. Tsarukyan promotes those of the national capital.
- Tsarukyan and his partners in the PAP represent, as a whole, capital uncontrolled or relatively uncontrolled by the government. The natural desire of the latter is to take total control over that capital; the natural desire of its owner is to secure it and reduce the government's influence as much as possible.

In this respect, Tsarukyan's real political goals might be the following:

- either to bring to power some political force which will protect the interests of the exporters and the representatives of the national capital,

- or to change "the rules of the game" so that political and economic changes will occur in the country that will make it possible to protect successfully the interests of the exporters and the representatives of the national capital.

Since Tsarukyan's goals and interests are different from those of the administration in power, it is not surprising that the "independent" media should present the former as the main oligarch and the main evil in the country. However, we should not forget that de facto and officially Tsarukyan and the PA party headed by him have ceased to be members of the government in recent years, namely after the parliamentary elections of May 2012. It is quite another matter that being bound to his large capital, Tsarukyan cannot afford the role of a radical oppositionist. Thanks to all these factors, the real oligarchs, those who have high positions in the government, are hidden from the eyes of the public, particularly due to their quite masterful use of modern information and PR-technologies.

A Way Out?

The government of Armenia supports the comprador capital and the importers with a persistency that could serve better aims, and its financial-economic policies are under the influence of oligarchic groupings occupying high positions in the "power party" system. This is not a unique case: many developed countries with highly effective market economies have gone through the era of oligarchic capitalism.

In the political-economic discourse of Armenia at the moment, there is only one program the realization of which might bring Armenia out of the vicious circle of the oligarchic economy. The program is called "100 steps" and it was presented by ex-Prime Minister H. Bagratyan and his companions from the Armenian National Congress (In 2012 Bagratyan left the party but remained in its parliamentary fraction) in 2010. Paradoxical as it may seem, this social justice-oriented program is developed by the very technocrat who implemented the painful reforms of the first generation. Apparently, he would like to have a chance to "correct mistakes". The program has received positive reviews by some international experts. It proposes relocation of the tax burden from the small and medium businesses to the large ones; application of a simplified tax equally among all economic operators; a progressive scale and a highly progressive scale for extra-high income; tax on elite construction; prevention of capital freezing in construction; prohibition of tax prepayments; tax deferrals for innovation businesses; public decision-making on natural resources; taxing of large landowners; higher taxes on large property; progressive taxes on inheritances; taxing the export of capital, and other measures.

For a drastic change in the situation, politics should change in the first place. Today's presidential administration of S. Sargsyan and the government of T. Sargsyan have no desire to carry out any reforms aimed at regulating the situation with the oligarchy. Moreover, they do not even try to hide this. After the presidential elections of February 2013, when according to official data Raffi Hovhannisyanyan won a large number of votes, the representatives of the government made rhetorical announcements about defining a new policy. But after receiving the "mandate" from the people at the City Council and mayoral elections of May 2013, they actually declared that the changes would be minimal and cosmetic. Of course, there were some vague promises about the change in the system of government after January 2014. Armenia is likely to sign the Association Agreement with the EU by then, if the process goes as planned.

The unwillingness to change the policy and the structure of the government can be explained also by the decision to finish the negotiations on the Association Agreement by the team that started them. However, the government's low quality action plan presented to the Parliament does not give much hope that the government has a strategy or a wish to make any changes related to the endemic problems of Armenia: oligarchy, emigration and poverty. Whether the reforms promised to the EU on paper can take these problems seriously or not, considering also the local distrust towards the government, will be clear very soon. But the hope is weak.

Armenia needs a series of reforms with or without the conclusion of the Association Agreement. Below are some directions to which, we think, attention should be drawn:

- adoption of a serious package of changes in relation to the Law on Civil Service, which will contribute to the separation of business from the government. Similar legal and clearly regulated acts exist in the

legislation of many EU member countries. Official Yerevan should make use of the rich legal experience of European countries, adopting transparency laws fit for the conditions of Armenia.

- adoption of a package of anti-corruption laws. It is surprising that Armenia, unlike, say, its neighbor Georgia, actually lacks any serious anti-corruption legislation. The new anti-corruption policy of Armenia, positively evaluated by the Organization of Economic Cooperation and Development (OECD)¹, suggests including a series of anti-corruption elements in the general governance reform instead of having a separate legislative package on anti-corruption. We find this insufficient. Despite the new symbolic changes in the new Law on Civil Service, high-rank officials, functionaries, law enforcement officers, and MPs are allowed almost everything. The government and the community have no control over them, their accounts and their property. The same holds for the members of their families. The semi-governmental Ethics Commission, which was announced as an important achievement by the OECD, during the year of its existence demonstrated its ineffectiveness, as could have been expected.
- adoption of serious amendments to the anti-monopoly legislation that would accelerate competition in all spheres of the economy. The legislation against natural monopolies should be strengthened. The reforms should be accompanied by real actions to guarantee support to SMEs.
- adoption of serious amendments to election legislation, namely on the post-election publication of the voted people's lists, as well as a temporary move to fully party-list proportional representation elections since the majoritarian system is used by the oligarchy.

Translated from the Armenian by Tatevik Mkhitarian

About the Author

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¹ <http://www.oecd.org/corruption/acn/48964985.pdf>

Elections, Social Movements and Internet Penetration in Armenia

Gegham Vardanyan, Yerevan

Abstract

The number of Internet users has been growing in Armenia during recent years; the geography of users is expanding as well. Public activists have implemented successful campaigns using internet tools. Meanwhile consumers have started to make more and more use of the Internet as a means of obtaining political and social information.

The Elections of 2013 and the Internet

In both the presidential and city council elections of 2013, the Internet played an important role in registering election fraud as well as in providing opportunities for discussing political processes.

During the 2012 National Assembly elections, a civil platform for reporting election fraud called “iditord” (<https://iditord.org/>) was developed. This crowdsourcing platform works on the basis of the ushahidi program. It enables citizens to report election fraud by sending short text messages, through Twitter, or by posting messages, photos and videos directly in iditord.org. During the 2013 presidential election, the system received 394 alarms and 2 criminal cases were opened. During the city council elections of May 2013, iditord received 428 alarms.

The main social media platform for disseminating and discussing news about elections was Facebook. It becomes more and more popular in Armenia. According to Quintly, which does its calculations on the basis of the data provided by the Facebook advertising department, the number of Facebook registrations in Armenia by June 2013 was 446,980 (<http://www.quintly.com/facebook-country-statistics/>). This number has grown by 57.69% in the recent year.

Twitter in Armenia is not so popular. There are no strict data about the number of users of this microblogging platform in Armenia. However, it was actively used for disseminating information during the elections. On the day of the presidential elections, 19 February 2013, the hashtag used for covering the elections—#armvote13—was among the top Twitter trends (<http://media.am/en/armvote13-hashtag-and%20armenian-presidential-elections>).

The audience of Armenian websites is constantly growing, which became obvious especially in the post-election period. For instance, after the presidential elections, the audience of news.am, the most popular media website in Armenia, almost equaled in number the audience of TV programs. According to circle.am that calculates the number of Armenian website visitors, the number of visits of news.am was 92,409 on a random day, November 8, 2012. On February 21, 2013 (a post-election

day), that number doubled to 189,617 visits (http://www.noravank.am/upload/pdf/1.Anna_Zhamakochyan_03_2013.pdf).

According to the Nielsen company, which measures the rating of Armenian TV companies, the most popular news program in 2011 was “Haylur” of Armenian Public TV: the program was watched by 147,401 people during its peak hour. According to circle.am, the main media websites of Armenia, news.am, tert.am, lin.am, have on average 100,000–150,000 visitors a day. Of course, it is methodologically wrong to compare the numbers directly, for times differ, internet news are consumed during the day, whereas news programs last for half an hour. Besides, 30% of visitors of news.am are outside Armenia. However, the number of those who use the Internet as a source of information evidently tends to grow. (<http://media.am/television-program-measurement>) Another novelty of the 2013 elections was the live broadcast of campaigns, voting and post-election events on different internet platforms. (<http://media.am/en/hello-internet-tv>)

Generally, this election period can be considered a period of Internet broadcast progress in Armenia. Three companies, “A1+”, “Azatutyun” and “Civilnet” provided the broadcast of meetings and press conferences; they also made election reports and organized live online discussions about the situation in the country.

The total audience of these three websites in the post-election period was 85,000–90,000 visitors daily. The average number of daily visits of “Civilnet” was 33,000; “A1+” had 15,000 visitors, and “Azatutyun” had 45,000 visits.

The influence of the Internet in Armenia was especially obvious on April 9, 2013, Inauguration day. Then two inaugurations took place at the same time in Yerevan. The first was the official inauguration of Serzh Sargsyan at the Yerevan Sports and Concerts Complex; the second was the alternative inauguration of Raffi Hovhannisyan, who gathered his supporters at Independence Square after having officially received 36.75% of the votes.

TV broadcast only the official inauguration, whereas huge numbers of people had gathered at Indepen-

dence Square, and collisions with the police were quite likely. Armenian websites covered the events every hour through text, photo and video articles, as well as through live video broadcasts. Different means were used, including cameras and smartphones. The risk of collisions was reduced also due to the presence of reporters and public activists.

The Audience of the Internet. Statistics

The growth of politically active net users, as well as the increase of Internet media influence can also be explained by the atmosphere of distrust towards television in Armenia. People search the Internet for information unavailable on TV.

Here are some figures from the IPSC research on the sources of social-political information from 2010 to 2013; 91% of the population gets such information from television, 37% from the Internet, 14% from published media, and 12% from the radio.

In 2010 only 15% of respondents received social-political information from the Internet. This figure has grown 2.5 times during the last two years. According to the research, 95% of respondents used television as the main source of information in 2010. This figure decreased by 2013, but not significantly.

According to another IPSC poll, by January 2013, 62% of 18–29 year-old people consider the Internet a source of political news. In March 2012 this number was 48%. 14% growth has been registered in ten months. Younger people prefer the Internet, but 34% of 30–49 year-old respondents also get political news from the Internet (<http://www.eufoa.org/uploads/POLL20130125AM.pdf>).

There is no generally accepted number describing the internet penetration rate in Armenia. In 2013 the government confirmed the methodology of calculating the internet penetration rate. However, there are still no data (<http://media.am/en/internet-penetration-in-armenia>).

In order to present the internet penetration rate in Armenia in 2011–2012, the International Telecommunications Union (ITU) used figures provided by the Armenia Public Services Regulatory Commission. According to these figures, Armenia's internet users comprised 47.1% of the population in 2011; in 2012, this figure was 60.6%.

According to the poll by the Caucasus Barometer survey of the Caucasus Research Resource Centers (CRRC), 53% of the investigated Armenian households have a computer. 48% of respondents had an Internet connection as well. The sample is representative.

According to the figures provided by the Caucasus Barometer, the question "Have you ever used the Internet?" has been answered affirmatively by 52% of Armenian respondents, 27% of Azerbaijani respon-

dents and 43% of Georgian respondents. (<http://www.crrccenters.org/caucasusbarometer/>; <http://www.katypearce.net/new-caucasus-internet-stats/>).

The internet penetration increase was also supported by the cost reduction resulting from the business competition in the past three to four years. In 2007, a 1Mb/s internet connection cost 2,900,000 AMD, in 2011, 24,000 AMD. In 2013, 1Mb/s internet connection can be obtained for 5,000–6,000 AMD.

The internet speed increase and price reduction led to a rapid geographical expansion of Armenian internet users.

As noted above, the number of Armenia users of Facebook, according to June 2013 data, is 446,980 people. But the most successful social site in Armenia is the Russia-based Odnoklassniki. According to June 2013 figures, the average number of daily visits to the site comprises 747,713 visitors (http://www.liveinternet.ru/stat/odnoklassniki.ru/countries.html?period=month&id=51&show=rebuild+graph&per_page=10&report=countries.html%3Fperiod%3Dmonth).

The Odnoklassniki phenomenon is explained by the presence of numerous Armenians in Russia. This social network is also a means of communication between friends and relatives. Odnoklassniki, as well as Skype, contributed to the penetration of the Internet into the regions and villages of Armenia. The motivation for many families to obtain a computer and an internet connection is the wish to keep in touch with friends and relatives through Odnoklassniki and Skype. Odnoklassniki is quite often used by men and women for making friends. The people interested in using these two services drastically improved the statistics of Armenia internet users. According to the CRRC Caucasus Barometer figures, 62% of Armenia internet users in the regions use Skype. In Yerevan this figure comprises 40% (<http://www.katypearce.net/regional-and-gender-differences-in-internet-activities-in-armenia-azerbaijan-and-georgia/>).

One of the main conditions of internet penetration in Armenia is business competition. There are three telecommunications operators, providing high-speed internet services (Beeline, MTS, Orange), two large companies, which provide fiber-optic internet connections (Ucom, RosTelecom), as well as several smaller local providers.

The increase of internet availability made the traditional media work more freely during the elections period in order to withstand the on-line competition. Media consumers could follow internet media and social networks instead of television news. Traditional media had to provide more balanced coverage in order not to lose their audience. The groups monitoring Armenia's broadcast media coverage of the National Assembly,

presidential and City Council elections in 2012–2013 speak about a particularly balanced work, as compared to the past (http://ypc.am/upload/YPC%20Monitoring_RA%20Presidential%20Elections%202013_eng.pdf; http://ypc.am/upload/YPC%20Monitoring_Second%20Stage_April%208-%20May%204,%202012_eng.pdf; http://ypc.am/upload/YPC%20Monitoring_Second-Third_Stages_May%204-19,%202013_eng.pdf).

A major reason for this balanced coverage of the campaigns has been the attention that the international community paid to making certain that the elections proceed according to Armenia's obligations. The government made certain that the coverage is balanced on government-owned channels as well. However, the Internet availability increased the overall need through competitiveness, which presumably also affected the quality of coverage by the mainstream TV.

Political and Social Activism and the Internet

The internet expansion throughout Armenia by means of Odnoklassniki and Skype did not contribute only to the maintenance of family ties.

After 2008 presidential elections, when the whole country was in a post-election shock, the main platform for videos featuring opposition meetings and processions was YouTube. Videos were made and spread through the Internet not only by such network media as A1+, but also by bloggers supporting either the opposition or the government.

Videos on the collision of the opposition with the police on March 1 and the night of March 2, 2008, were spread through YouTube. DVDs and Bluetooth also served this purpose. The opposition created a peculiar media for itself through the Internet and modern technologies.

YouTube and Facebook informed the public about the abuse of soldiers by an officer of one military unit in 2010. The video spread through YouTube and for several days remained the main subject of discussion in Facebook. A criminal case was opened on the basis of the mobile-made video, and the officer was sentenced.

In the past two to three years in Armenia, several successful cases of public activism with the active use of social media have been registered. One of the most well-known case was the fight against the construction of shops on the territory of Mashtots park in Yerevan. It lasted for several months; in the end, the shops were dismantled. The public activists fighting for the park spent days and nights there in winter 2011 and spring 2012. They were able to make their offline activity more effective through the Internet. Facebook was used for rapidly spreading information. The public activists and network media put videos on YouTube about the events in

Mashtots park. Live broadcasts were organized by both Internet-TVs, with their official channels, and the activists on their personal broadcasting platforms. This tactic was especially effective in preventing possible collisions with the police.

Another victory of public activists was the protection of Trchkan waterfall. The epicenter of the events was a territory about 100 km from Yerevan. The activists succeeded in preventing the government from building a hydropower station on the waterfall. Internet tools were successfully used by the activists to reach their goal.

The activists managed to win the admiration of the Internet community. The Armenia Internet followed the events of Trchkan and did its best to support the activists. Exchange of information through social networks involved the media in the coverage of Trchkan events. The protesters in Trchkan and their daily visitors from Yerevan used Twitter, YouTube and Facebook to spread information (<https://www.facebook.com/groups/259531000744522/?fref=ts>).

The latest example is the campaign against the reopening of foreign language schools. It started in blogs and in Facebook. The aim was to keep the government from ratifying the law on the reopening of foreign language schools. The organizers of the campaign were able to shift the discussions from the Internet to traditional media. Many politicians were involved in the campaign, and the draft law was changed. However, the changed law was still adopted.

One of the features of this campaign was the appearance of slacktivism or clicktivism, when people think their duty is fulfilled only by clicking "like", commenting or sharing the article in the social networks. Thousands of internet activists were involved in the Facebook group against the reopening of foreign language schools, whereas there were not so many people involved in offline campaigns (<https://www.facebook.com/groups/menkdemenk/>).

In all the above mentioned campaigns the activists have tried to press the government via social networks and make the politicians change their decisions. This was done on different levels: national and local, as well as targeting sometimes executive and sometimes legislative branches. The reactions of the government have varied. In the case of Mashtots Park, after a long resistance, the matter was solved by the directive given to municipal authorities personally by President Sargsyan before the National Assembly elections. But in the case of foreign language schools, the activists were not so successful; the government did not yield. All these campaigns have one common goal: to keep the government alert. The role of the Internet here becomes particularly important, because it is almost impossible to control the infor-

mation flow on the net. If the traditional media choose to ignore a problem, social media will make the government focus on it, if not solve it.

At the beginning of the article I spoke about one of the most important crowdsourcing programs in Armenia: iditord, a site for registering election fraud alarms. A similar crowdsourcing technology, based on social activity in the Internet, operates in the civil field as well. One of the map crowdsourcing platforms is CityBugs (<http://www.citybugs.am/>). It operates mainly in Yerevan and has an information exchange system with the local authorities. Citizens can alarm the municipality in CityBugs by means of text messages, photos and videos, and offer the municipal authorities solutions to the problems.

Another project of crowdsourcing is GiveMeInfo (<http://givemeinfo.am/en/>). It was made by the Information Freedom Center. If a state government body violates the Law on Information Freedom, the case is registered in GiveMeInfo. Each user can download his/her case in the site; they can also make an easy inquiry to any state institution through the site. Similar other

crowdsourcing startup programs are launched on the Armenian Internet. They mainly aim at making people's lives more comfortable through the Internet and innovation technologies.

But we should not think that the Internet penetration increase in itself can solve the problems of democracy in the country. For instance, a social innovation project which uses the Internet to affect the flow of migration won't be able to achieve an effect if it is not accompanied by real life actions.

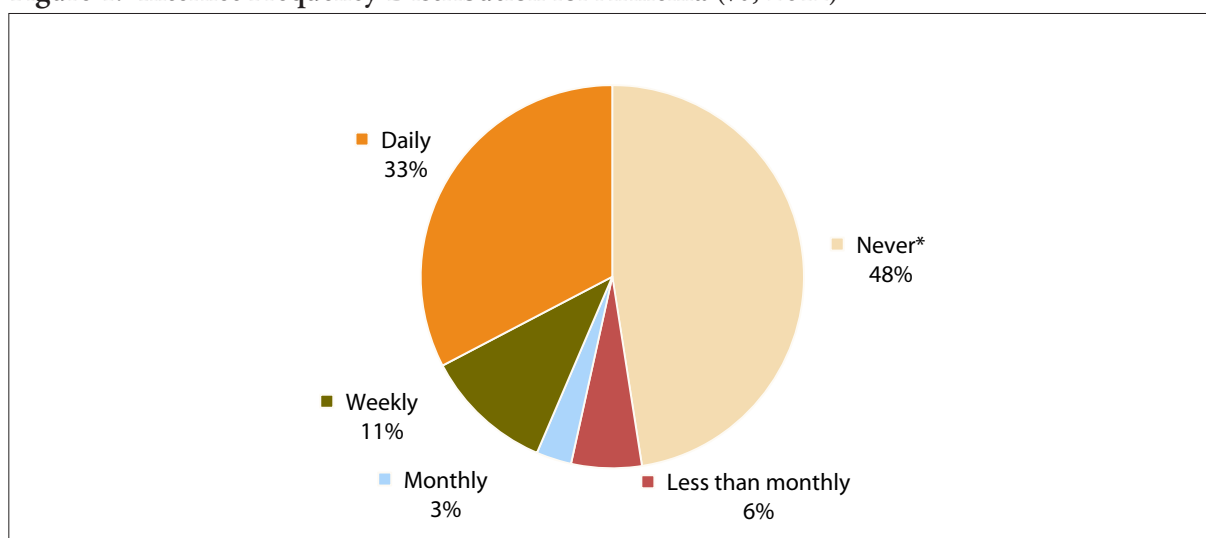
This refers to civil campaigns as well. The activists keep on using the Internet; however, exclusively online projects are not successful. The availability of high-speed Internet is an opportunity to create one's own media by means of social networks and blogs. They help in disseminating information and organizing discussions. This is as much as they can do. The Internet is an additional tool that helps to implement ideas. For real democratization, offline is the key.

Translated from the Armenian by Tatevik Mkhitarian

About the Author

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Figure 1: Internet Frequency Distribution for Armenia (% , 2012)



* Includes "I don't know what the Internet is".

Source: <http://www.katypierce.net/new-caucasus-internet-stats/> (using data from the CRRC Caucasus Barometer (Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012) (<http://www.crrccenters.org/caucasusbarometer/>))

100 Days: The Foreign Policy Dimension

David Hovhannisyan, Yerevan

Abstract

Despite the fact that Serzh Sargsyan's foreign policy priorities haven't changed much during the second term of his rule, the foreign context and inner processes create a certain intrigue: if Sargsyan's government keeps the traditional line of balancing (sometimes referred to as political complementarity) between Russia and the West, will it be able to get close to the EU and, at the same time, maintain good relations with Putin's Russia, which seems to strengthen the pressure? Perhaps Armenia will (or will be forced to) make a choice that can have a greater influence on the "futures" balance of forces in the region.

The Government's Independent, or Permanent, Foreign Policy Priorities

It is commonly considered that Armenia's foreign policy is expressed in a triad formula: Armenia, Artsakh (the Armenian name for Nagorny Karabakh) and Diaspora¹. Obviously, the adherents of this point of view think that these three concepts determine not only the subject of Armenia's foreign policy, but also its problems.

This quite simple approach may at first seem precise and correct; however, it doesn't provide a possibility of a deeper analysis. Such division into three zones of responsibility demands a separate analysis of concepts, structures and measures relevant for each zone. But that is wrong; actually the three zones are inseparable and have an active influence over each other, which brings about changes in the whole system. In other words, these or any other responsibilities of the Republic of Armenia foreign policy should not be separated, to the contrary, they should be examined together with all their interrelations and principles.

In this way, we will be able to understand how the Armenia presidential elections, being almost entirely approved by geopolitically different authoritative international organizations (e.g. OSCE and CIS), will affect the whole system of the Armenia foreign policy, which is implemented by different structures, including those of Artsakh and Armenian communities abroad.

Post-Elections Priorities

The February 2013 presidential elections put an end to the very long period of elections. This period activated different foreign and local political forces. The society was tense during the past two years. The 2013 elections marked the end of a certain time-out. Now Armenia will concentrate more on the negotiations concerning Nagorny Karabakh, on relations with Turkey, as well as on its participation in the vaguer programs connected, e.g., with the formation of the Eurasian Community initiated

by Russia. Generally, the country will now deal with the matters that were put aside during the elections, such as Turkey etc., because the public opinion concerning them had been especially sensitive.

In the coming four years no elections are planned. This allows us to expect a serious activation of negotiations on the following matters:

1. Nagorny Karabakh
2. Normalization of relations with Turkey
3. Armenia's participation in different Eurasian structures, such as the Customs Union, the Eurasian Economic Council, etc.
4. Measures for strengthening of regional security and stability, which is especially pertinent considering the present processes in the Arab countries, where many Armenians live.
5. Search of opportunities for Armenia's economic strengthening (including negotiations with different international and financial organizations)
6. Bilateral and multilateral relations with Europe.

Serious attention will be paid to such matters as the strengthening and institutionalization of the Collective Security Treaty Organization (CSTO) activity, intensification of cooperation with NATO, and efforts towards different aspects of European integration.

The International Context

The present tense geopolitical and military-political situation in the region (the Mediterranean, Black and Caspian seas with their attached transportation links) has a great impact on the above-mentioned problems and processes. The processes brought forward by the so-called "Arab spring" have led to a serious destabilization not only in the Middle East but also in the whole region. Almost all the great empires and regional countries have been involved in the events going on in Syria. The following countries have been especially active: the USA, Russia, China, Iran, Great Britain, France, Turkey, Saudi Arabia, Qatar and several other countries.

The influence of the continuous tension around Iran's nuclear program, that results in the escalation of the ten-

¹ An example of such a formulation was given by Zhuravlev in his article "Republic of Armenia Foreign Policy and the Problems of Security in Northern Caucasus", published in www.ia-centr.ru

sion on the Israel–Iran–USA level, is also great. It is quite natural that the events in Syria have a logical connection in both the geopolitical and military-political aspects with the possible scenarios of the events development in this area.

Being stuck in the Middle East swamp, Turkey is in a quite complicated situation now, which is one of the reasons for the massive demonstrations against Prime Minister Erdogan's policy. The destabilization of Turkey's internal situation is a serious obstacle for the implementation of different international programs, aimed at the strengthening of security and stability in the region.

The situation in another neighboring country, Georgia, is also far from being stable or relatively favorable. On one hand, there is a reduction of tension with Russia after the failure of Saakashvili's party at the latest elections. On the other hand, the recognition of both Abkhazia's and South Ossetia's independence on Russia's part is the main obstacle that prevents the normalization of bilateral relations between the two countries. This obstacle now seems insurmountable. Meanwhile, the regulation of Russia–Georgia relations could activate all the transportation opportunities of the region. Separate positive actions, such as the gradual restoration of the diplomatic relations and trade, would also contribute to the reduction of the tension in the region.

Sargsyan's Foreign Policy Program

The 100 days of Sargsyan's first presidential term (2008–2013) were marked by several notable foreign policy initiatives. The bravest step was the initiation of the so-called "football diplomacy", aimed at a breakthrough in the sphere of Armenia–Turkey relations.

Sargsyan was forced to spend the first months of his second presidential term dealing with the domestic problems accumulated and manifested during the elections, the results of which again raised doubts among the Armenian society.

The main principles underlying Sargsyan's foreign policy of the past four years are likely to remain unchanged.

(a) In the sphere of military security, Armenia will maintain its reliance on Russia and the CSTO, the membership of which is considered one of the most important parts of the Republic of Armenia's (RA) national security concept. The cooperation in this sphere is considered mutually beneficial, complete and multidimensional (despite several problems in recent years) due the following factors: the presence of a Russian military base on the territory of RA; border security maintenance together with Russian frontier troops; trainings and staff games carried out together with Russian armed forces or inside of the CSTO; cooperation of secret services; the possibility to obtain military technique on the basis of bilateral agreements or internal rules for the CSTO member countries, etc.

We should take into consideration that the Armenian society's perception of Turkey, one of Armenia's neighbor countries, is closely connected with the memory of the 20th century Armenian genocide. The policy carried out by Turkey towards Armenia is perceived as a continuous threat that the past century's tragic events can repeat. That is why close relations with Russia are supposed to guarantee the safety of the country. Besides, the society considers these relations to be the continuation of age-old traditions. This political line was confirmed at the meetings held during the 100 days (Sargsyan's working visit to Moscow, meetings with the Russian Presidential Administration Chief of Staff S. Ivanov and with the Secretary General of the CSTO N. Bordyuzha). We can affirm that this political line will be followed in the future as well.

(b) One of the core aims of the RA security is the ensuring of border inviolability. This includes measures for maintaining maximal stability throughout the whole Armenia–Azerbaijan border as well as throughout the Nagorno-Karabakh–Azerbaijan border.

Obviously, besides military, intelligence and other components, foreign policy also plays a vital role in this matter. Despite the manifold critical attitudes towards the OSCE Minsk Group, RA official authorities constantly claim that the Nagorno-Karabakh problem can be solved only in a peaceful way through negotiations under the auspices of this structure.

According to the co-chairmen of the OSCE Minsk Group (USA, France, Russia), the solution of the Nagorno-Karabakh conflict should be based on the six elements through which the two parts have come to a certain (or relative) agreement: a temporary, then a referendum-based, final status for Nagorno-Karabakh; return of the occupied territories; the existence of a corridor uniting Armenia with Nagorno-Karabakh; return of refugees; peace maintenance.

However, the announcements made by the two parties show that each party has its own interpretation of these six elements, which gives the negotiations an obviously chaotic character.

In different announcements about the problem of Nagorno-Karabakh, made by the presidents of the USA, France and Russia, the following principles have been noted: territorial integrity, the right of nations for self-determination and the lack of a military solution to the problem.

It is interesting to note that from time to time different countries express a wish to become negotiators between Armenia and Azerbaijan. This mostly refers to Iran and Turkey; each of these authoritative regional states has its own interests and reasons.

We should mention the initiative of the present OSCE co-chairman in Ukraine, whose plan of activities in this office includes an initiative of organizing the

meeting of Armenia and Azerbaijan presidents in Kiev. The media and the information placed in the Ministry of Foreign Affairs official sites of the three countries indicate that Ukrainian Minister of Foreign Affairs L. Kozhara's planned visits to Azerbaijan and Armenia have been postponed. This means there are serious problems in the negotiations in relation to the initiative by Ukraine.

It should be noted that the Armenia Minister of Foreign Affairs E. Nalbandyan and Azerbaijan Minister of Foreign Affairs E. Mammadyarov made official visits to the USA and met the US Secretary of State J. Kerry². During these visits the problems concerning the negotiations were discussed. Kerry pointed to the necessity of strengthening the trust between the two parties. Some attempts were made in order to come to an agreement concerning the matter. However, the absence of any serious actions proved the negotiations to be useless.

We can also suppose that during these bilateral meetings the parties discussed the possible drafts of the announcement by the USA, France and Russia presidents, adopted at the G8 meeting in Lough Erne.

Anyway, the reliance on the strategic alliance with Russia and the CSTO membership plays a decisive role in determining the possible actions of Armenian diplomacy, including the negotiations over the Nagorno-Karabakh conflict.

(c) At the same time, an active cooperation with NATO in the sphere of military security will be carried on and intensified. Armenia will take an active part in all the programs included in the plan of cooperation with this organization. In our opinion, such a policy pursues the following goals:

1. An attempt to keep the balance in the relations with Russia on one hand, and with the countries of the North Atlantic Bloc, particularly the USA, on the other hand. Evidently, despite the presence of a Russian military base in Armenia and a quite different level of military-political and military-technical cooperation with Russia and the CSTO, Sargsyan's policy, unlike that of Kocharyan, is more oriented to the acceptance of NATO's military-political concept in the matters of interest for Armenia.
2. In such a complicated geopolitical situation for Armenia³, this form of policy is based on the tendency to

2 <http://www.youtube.com/watch?v=EmCj2hkVZ1w&feature=youtu.be>; <http://www.state.gov/secretary/remarks/2013/06/210256.htm>

3 RA borders with four countries (Iran, Azerbaijan, Turkey, Georgia). There is a cease-fire agreement signed in May 1994 with Azerbaijan, i.e. the countries are in fact at war. Armenia has no diplomatic relations with Turkey and being blockaded by the latter. The Islamic Republic of Iran is under UN sanctions because of its nuclear program. This limits the possibility of cooperation with this country. Georgia has no diplomatic relations with Armenia's strategic ally, Russia. Because of the conflict with Abkhazia, the land transportation routes between Armenia

demonstrate the diverse nature of Armenian initiatives in the sphere of security. Such a policy also tries to reduce the risk of situational developments unfavorable for Armenia if the Nagorno-Karabakh conflict enters a "hot" phase. This is determined by the fact that the strategic ally of Azerbaijan, Turkey, is a member of NATO and its main striking force in the East.

3. It is also evident that the participation of Armenian peacemaking forces in different operations under the auspices of NATO, as well as various joint maneuvers are quite useful for the Armenian armed forces. This gives them a chance to examine the tactics and structure of NATO armed forces, and to master the armament and technique.
4. We should also take into account some of Sargsyan's actions oriented towards a certain diversification of the Armenian foreign policy and diplomatic initiatives. The Armenia foreign policy constantly prods the limits of its possible actions. It focuses on the directions where Armenia has the chance of an active participation without disrupting its balanced relations with the whole group of partners. For example, this kind of policy is carried out towards the Armenian refugees from Syria who are given favorable conditions for getting Armenian citizenship.
- (d) The orientation towards European integration, which is traditionally considered the most widely declared priority of RA foreign policy, received a new impulse during Sargsyan's rule. Besides other benefits (economic, value systems, etc.), this, in our opinion, is related to the fact that RA's active behavioral line directed to the fulfillment of obligations vis-à-vis European dimension is a peculiar component of the national security concept. Armenia is now on its way to sign the Association Agreement, therefore its foreign policy aims at making the country the member of a club of several countries towards whom Europe applies a higher standard of security criteria.

At present, the European component of RA foreign policy is of great significance, despite the often imitational character of obligations' fulfillment. This conclusion is based on the fact that Armenia has serious economic problems because of the monopolistic-oligarchic character of its economy, and on the questions this situation arouses. These questions relate to the effectiveness of judicial and executive powers, a high level of corruption, human rights violations, etc. The European component of RA foreign policy will contribute to the changes in the president's internal policy, as the conditions of signing the Association Agreement demand serious changes in both social and economic spheres of the society's life.

and Russia cannot be operated, which complicates the interaction of the two ally countries.

(e) Another important principle of RA foreign policy is the tendency to strengthen the good relations with two neighbor countries, Georgia and Iran. During the 100 days of his second presidential term, Sargsyan was quite active in this respect. He received the Minister of Foreign Affairs of Georgia, M. Pandjigidze, the Minister of Foreign Affairs of the Islamic Republic of Iran (IRI), Ali Akbar Saheli, and the IRI Attorney-General, Gholam-Hossein Mohseni-Eje'i. Almost all the negotiations were based on the questions related to the achievement of greater effectiveness in economic relations and to the problems of communications diversification. Further strengthening of the bilateral relations with both neighbor countries was also discussed. In private talks Georgian experts expressed the viewpoint that Prime Minister B. Ivanishvili's government will try to use Armenia–Russia high level relations for the purpose of regulating Georgia's relations with Russia. However, no serious mention of the matter has been in the media so far.

Foreign Policy Moves

Sargsyan didn't start his new presidential term only with the usual post-elections matters, i.e. formation of the new government, appointment of regional governors, etc. Sargsyan's above mentioned absorption into the country's domestic problems was connected not only with his active involvement in the Mayor of Yerevan elections campaign and process in May 2013, but also with the constantly growing economic problems.

This does not mean that Sargasyan did not pay enough attention to foreign policy. From April 1 to June 14, 2013 he held 32 meetings with representatives of different countries, including:

- EU and EU member countries: 15 meetings
- CIS and CIS member countries (except Russia): four meetings
- Russia: three meetings
- Regional meetings: three (Iran, Georgia)
- Meetings with the representatives of international organizations: four (UN, NATO, OBSEC, IMF)
- others (South America, Arab countries, etc.): three meetings

The range of discussion topics was large, comprising: strengthening of bilateral relations; attraction of investments into Armenia's economy; financing of different social and economic programs; and technical help. The subjects ranged from social-economic and financial problems to

the participation in peacekeeping missions, from the problems of Karabakh conflict regulation to the situation with human rights and changes in the legislature of the country.

However, one of the cancelled meetings was very important, too. As announced by Tigran Balayan, the press secretary of the Ministry of Foreign Affairs, "RA president Serzh Sargsyan will not participate in the non-official summit of the CSTO leaders in Bishkek because of the First Republic Day celebration on May 28. In this relation several activities with the president's participation have been planned."⁴

Russia's Gazprom increased its tariffs for Armenia by 67%, raising them to USD 270 per 1000 cubic meters. The situation provoked a reaction from society. The increase of gas prices in the country is expected to begin July 2013. The public opinion relates this to the forthcoming signing of the Association Agreement with EU, which will practically exclude Armenia's participation in Russia's Customs Union. Despite all the efforts of the Armenia government, the Prime Minister's negotiations in Moscow and other measures, Gazprom didn't change its decision.

Sargsyan's decision not to take part in the CSTO summit is probably connected with this. Certainly, this move does not indicate the existence of insolvable problems in Armenia's relations with Russia. The president probably wanted to show that there are problems which urgently demand solution.

This is how the first 100 days of Sargsyan's second presidential term looked from the point of the foreign policy. The processes that had started during the previous years were continued. However, there were also some new subjects, namely, the problems connected with Armenia's choice between the EU and EAU. Russia thinks this choice has no alternative. Sargsyan thinks these two ways can be combined. For this very purpose, the Armenian government signed a memorandum of understanding between Armenia and the Eurasian Economic Council on April 11. At the same time, the government seriously prepares for association with the EU. This intrigue develops against the background of a quite complicated social-economic situation in the country.

The main question, that still remains unanswerable, is: will the president's activity towards different foreign policy matters result in the necessary changes and systemic reforms in the domestic life of the country?

Translated from the Armenian by Tatevik Mkhitarian

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4 <http://ria.ru/world/20130528/939951792.html#ixzz2Uu10Y2ER>

Armenia and Europe: Can a Country Simultaneously Strengthen Autocracy, Deepen Its Ties with Russia, and Become European?

Mikhayel Hovhannisyan, Yerevan

Abstract

This article examines Armenia's efforts to balance closer integration with the EU with its ties to Russia. As Armenia moves closer to signing an Association Agreement by the end of the year, Russia is increasing pressure on the country, such as by raising natural gas prices. The West is attractive economically, while Armenia still needs Russia's help in the security sphere. The central question is how the current leadership can position itself between these two external partners while maintaining stability at home.

Background

The collapse of the centralized Soviet social, political and economic systems activated conflicts while also making the integration of former Soviet states to other frameworks such as the Council of Europe (CoE), EU, and NATO possible.

Due to the Karabakh conflict, the state of Armenia–Turkey relations, and the Diaspora, Armenia's foreign policy since its independence has been based on balancing between the major dominant powers: Russia versus the US and the EU. This balancing was official described as a “complementarity” policy in late 1990s–early 2000s by Foreign Minister Vardan Oskanian.

Armenia so far can claim to be successful in this balancing approach. Examples such as membership in the CIS, OSCE and CoE, negotiations over the Karabakh Conflict (co-chairmanship of Russia, the US and France in the OSCE Minsk Group), Armenia–Turkey relations (presence of the US Secretary of State and Russian Foreign Minister at the signing of the Zurich protocols in 2009), among others demonstrate that Armenia has successfully participated in both tracks of integration: inside the post-soviet space (CIS) and with the West. A major accomplishment in the latter direction has been participation in the European Neighborhood Policy via signing a Partnership and Cooperation Agreement with the EU (1999).

Despite these accomplishments, many perceive Armenia as a Russian “outpost” in the South Caucasus. This perception is based on a number of factors: the presence of Russia military bases in Armenia (Gyumri), Armenia's economic dependence on Russia, demonstrated by a significant number of Armenian labor migrants there as well as the remarkable economic presence of Russian capital (private as well as state-owned, like Gazprom) in Armenia in the sectors of energy, transport, telecommunications, mining and other fields of industry.

Another important, but a less obvious, illustration of Armenia's continued dependence on Russia is the lack of sustainable democracy. There has never been a clear transfer of power from one political power to another

via elections. In fact, the only transfer of political power in Armenia happened in 1998 when Levon Ter-Petrosyan was forced to resign. The perception of the society in this respect is that any claimant to the highest office has to receive “approval nod” from Russia to run for office. At the same time, the obligations of Armenia to European structures impose a need to comply with European standards. Such perceptions explain the reason why there is a wide-spread assumption, both inside and outside Armenia, that Armenia, as a strategic ally and “dependent” of Russia, will move in the direction of the West only if, and as much as, its relations with Russia are not affected because of such moves.

However, there exist facts which demonstrate that Armenia's relations with the western structures are progressing substantially rather than merely formally: Armenia joined NATO's Partnership for Peace Program in 1994; Armenia signed the Partnership and Cooperation Agreement with the EU in 1999; and Armenia became a CoE member in 2001. The average share of Armenia's imports and exports to the EU in 2008–2011 are respectively 28.5% and 48%.¹ Finally, Armenia is involved in the Eastern Partnership program since 2009, a process that contains such important integration tools as visa liberalization, a Deep and Comprehensive Free Trade Agreement and an opportunity to become a country associated with the EU: the closest possible format of integration for a non-candidate country.

Electoral Complementarity: “A Step Forward” vs. “Dobro”²

Dependence on two such major and different actors as Russia and the West makes many observers, both insiders as well as outsiders, claim that Armenia's ability to engage in sovereign action is minuscule.

The role of foreign actors in deciding who will be Armenia's president is quite significant. In the case of the West, it is most noticeably displayed post factum,

1 http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113345.pdf

2 *Dobro* is the Russian word for getting approval.

via the reports of electoral observer missions, and particularly in the presence in these reports of such phrases as “a step forward” and “in line with standards.” These statements find a place in these reports irrespective of the empirical amount of violations and irregularities. In the case of Russia, its role is best illustrated by the pre or post-electoral visits of the incumbent or other candidates or key figures to Moscow. Those who are granted a meeting with the “tsar”³ (and, probably, negotiate with him successfully) become, obviously, the lead candidates and/or acquire *carte blanche*.

As concerns elections, the aim of the authorities has become the demonstration of full control over the whole electoral period. In addition to other means, in order to demonstrate control, the authorities exaggerate and reinforce, by all the possible means, e.g. via using the state-owned or state-influenced media (which includes most of the television spectrum—the main information source of the population), disagreements among the opposition and the lack of consolidation among the protesting electorate.

Sargsyan visited Moscow in March 2013 and received congratulations in collecting “more than 60% of the votes”.⁴ At the same time, the pre-electoral phase, starting from summer 2012, was unprecedented in terms of the number of bilateral visits between high-ranking officials from Armenia and the EU.⁵ It may be the case that the authorities are making space for action despite their dependence on Russia and the West. The size of this space may be determined by the level of control over the internal developments, and the strength of the “heavy hand” with which the population’s freedom of action, including electoral choice, is governed and regulated.

Eastern Partnership: From No Need to Balance to a Tough Geopolitical Choice?

The strategic plan of the Eastern Partnership in 2008⁶ was characterized as “an ambitious new chapter in the EU’s relations with its Eastern neighbors.”⁷ At the same time, EaP has often been characterized both by EU and partner states as something important but not sufficiently realistic because of its complexity.

However, Armenia’s participation in Eastern Partnership can be called a case of moderate success: it has

brought new energy to the prospects for future EU-Armenia relations. The visa facilitation mechanism (the agreement is already signed) and DCFTA (which is being negotiated) initiate very practical communication mechanisms connecting Armenia with the EU. Moreover, the fact that some of the other EaP states are negotiating the same benchmarks brings an edge of healthy competition to the process. Another important tool that definitely has an impact on Armenian society is the Civil Society Forum, which can be considered as the first ever institutionalized mechanism for the involvement of civil society almost as a third party in the EaP planning and, hopefully, implementation processes. Armenian authorities understand the clear necessity to integrate into Western political and economic frameworks. Via that process, they plan to tap into the resources of the EU, increase their level of soft security, and also increase their room for maneuver vis-à-vis Russia. That is why officially, all Armenian governments have expressed a constant interest towards integration with the EU in any format, and the incumbent government has become the most active proponent of such integration as compared to any previous government (of which there have been not many). Armenia has registered significant progress in negotiations over the Association Agreement, which, according to the statements of both Armenian and European officials, can be expected to be signed before the EaP summit in Vilnius in November 2013.

Not only government, but the overwhelming majority of Armenia’s political sector, all significant political forces support strengthening EU-Armenia relations, which makes this topic one of the very few that has a potential for internal political consensus. At the same time, the marginal political forces are challenging the European paradigm, emphasizing the expected onslaught on “Armenian traditions” (such as the traditional family) by the European ones (issues such as gay marriage, religious tolerance), as well as cautioning against jeopardizing relations with Russia. The 2012 Caucasus Barometer survey implemented by the Caucasus Research Resource Center illustrates that 30% trust the EU. This is more than trust towards such state institutions as the president, police, judiciary system, National Assembly, etc.⁸, though, of course, still the population’s level of knowledge and trust towards the EU is far from being comparable to the level of trust expressed by mainstream political society.

Serzh Sargsyan’s first presidential term had a significant focus on foreign policy which was used as an excuse for not prioritizing domestic issues. Two major initiatives that Armenia was involved in 2008–2009 were the

3 An example of this is the visit of Robert Kocharyan to Moscow in February 2008. The March 1st events happened immediately after his return from Moscow.

4 In his address to Sargsyan, Putin stated: “Collecting more than 60% of votes illustrates the level of trust by society”. However, the official figures show that Sargsyan collected only 59% of votes.

5 <http://news.am/eng/news/137153.html>

6 http://eeas.europa.eu/eastern/docs/sec08_2974_en.pdf

7 http://europa.eu/rapid/press-release_IP-08-1858_en.htm

8 <http://crrcam.blogspot.com/2013/03/crrc-presents-caucasus-barometer-2012.html>

Armenia–Turkey “football diplomacy” and the launch of the Eastern Partnership. Meanwhile, the world financial crisis and the problems with legitimacy because of the March 1, 2008 events generated an increasing number of domestic issues which remained unaddressed. The first Sargsyan administration did not find sufficient resources and mechanisms for effectively addressing the domestic challenges, such as the economic downturn or lack of business initiative, because of the continuing oligarchic domination of the economy and corruption. Thus, these issues remained to be addressed in the second term, particularly since the Association Agreement has become the most important game in town and, in order to be accomplished, requires serious reform.

Perhaps in order to balance out the Western tilt in going for the Football Diplomacy and Eastern Partnership, in August 2010 Armenia signed with Russia protocols on extending the term of the presence of the Russia military base in Armenia from 2020 to 2044.⁹

In the sphere of EU integration, Armenia registered significant progress in negotiations over the DCFTA and signed the visa facilitation agreement with the EU on 17 December 2012¹⁰, right before the elections. Some experts consider that via this action the Sargsyan administration acquired additional points in the eyes of the EU on its “moral right” to successfully hold on to the office after new presidential elections, because the reform is only half way through, and it is unadvisable to change the team at this point. Thus the EU turns a “blind eye” to the violations of electoral processes, claiming their scale is incomparably smaller than in some other countries of similar qualities. A similar reason might have played a role in Sargsyan’s decision to keep the new government changes to the minimum and to come back to that issue in January 2014.

Thus by the time the 2013 presidential elections approached, Armenia had deepened integration in the sphere of security with Russia and in the sphere of economic integration with the EU. Both frameworks did not have their comprehensive antipodes and thus did not require “sectoral” balancing. However, the situation may be significantly changing now, since Russia moves from institutionalized military and chaotic business presence in its “near abroad” to attempts to institutionalize its economic unification with the parts of its former empire.

The beginning of Sargsyan’s second term is marked with a slightly more prioritized discourse on internal issues, though the foreign policy agenda is also full to

the extreme. A bit of a focus on the domestic situation might be also caused by the significant transformation that took place inside Armenian society between the two presidential elections. There is a serious rise in the quantity of various civic initiatives, and the range of topics addressed by civil society is much wider than it used to be. Social media have become an important tool for social mobilization as well as the circulation of information. The “Arab spring”, the various protests in Russia, and the current situation in Turkey are watched much more attentively by the government. However, it is not currently expected that a serious and critical protest mobilization of the society will take place. At the same time, because of a long electoral period and other reasons, both the Karabakh and Armenia–Turkey issues were in their passive phases. They may become more active in a while (e.g. after the presidential elections in Azerbaijan in the Fall of 2013). It may as well be the case, according to some Armenian analysts, that the endorsement by the West of the latest Armenian presidential elections, as well as the promise of the Association Agreement, will result in increasing pressure from the West on the president to make concessions over the NK conflict. Perhaps also because of that reason, in anticipation of increasing external pressure, Sargsyan currently focuses slightly more on internal issues.

The main priority foreign policy topic remains the integration into foreign structures, i.e. improving ties with the EU, on one hand, and keeping and developing relations with Russia, via not jeopardizing chances to somehow manage and balance the idea of the Eurasia Union with the Eastern Partnership, on the other. Not surprisingly, this topic is strongly connected with the economic downturn and migration, which are two of the toughest domestic problems for Armenia.

The Association Agreement and DCFTA give Armenia an opportunity to have easier access to the Common European Market, which, given Armenia’s economic isolation, is extremely important. The Visa Facilitation and Readmission agreement is a mechanism to establish control over the migration flow. This explains the prioritization of these two components by the Armenian authorities as compared to other components of the Association Agreement. The latter relate to such issues as democracy, human rights, good governance, anti-corruption reform, etc. These are political issues with which little political progress occurs because of the problems with the electoral system, the social and economic polarization of the society, the interconnectedness of business and politics which results in the monopolization of the economy and development of oligarchy, and the centralization of the administrative resources. Therefore, from the perspective of successful reform, one issue currently

9 <http://www.mirrorspectator.com/2010/08/30/russia-extends-military-presence-in-armenia-through-2044/>

10 http://europa.eu/rapid/press-release_MEMO-13-349_en.htm

on the table is how the conditionality will work, so that progress in economic and human mobility dimensions is tallied with the progress in the political dimensions.

100 Days after the Elections: Dynamics of the European Dimension

The spring of 2013 was marked by an intensive agenda on all levels of bilateral and multilateral frameworks in the Eastern Partnership process.

Signing of the visa facilitation agreement was followed by signing the agreement on readmission between Armenia and the EU on 19 April. Parties have redoubled their efforts in negotiations over the DCFTA, holding three of the past six rounds of negotiations in the period between February and June 2013.

The Civil Society Forum level was also marked by a rich agenda conducting several meetings of all working groups in May–June 2013.

Finally, the statement on “the need for a thorough preparation through an inclusive process by the Armenian side of the donors’ conference, planned for later this year” made by Commissioner Štefan Füle following his meeting with Foreign Minister of Armenia Edward Nalbandian on 19 April 2013¹¹ is another important promise to the Armenian authorities, increasing the importance of showing progress in line with the “more for more” principle that is constantly repeated by various EU officials.

The EU, for its part, is intensifying its work via a variety of initiatives, such as visits, consultations with the government and civil society, launch of several projects, and is doing everything to finish the negotiation process with Armenia and to sign the documents by the launch of the Vilnius Summit in November.

This intensity can explain Russia’s growing pressure on Armenia. While the Russia-proposed Eurasia Union still lacks any substantial roadmap, signing the Customs Agreement that has already been signed between Russia, Belarus and Kazakhstan can be the first sign that Armenia starts an irreversible U-turn away from EU towards the final embrace of Russia.

On 31 May 2013 during his meeting with Dmitri Medvedev, Prime Minister Tigran Sargsyan stated that Armenia had a clear position and was ready to join the Customs Union.¹² This statement contradicted the statement that the prime minister made a year ago in his interview with the Russian newspaper “Kommersant.”¹³

This indication of a possible shift of Armenia’s course has raised the EU’s concerns. Sargsyan’s May statement

was followed by an interview of Commissioner Füle’s spokesmen Peter Stano to the Armenian service of RFE/RL in which he particularly said: “Armenia’s status of an observer in the Russia-initiated Eurasian Union does not conflict with EU talks, but official Brussels would like to learn the details... Armenia should make sure that any arrangements with any other trade partners are fully compatible with DCFTA provisions.”¹⁴

The Russian pressure became more visible when, immediately after the Yerevan City Council Elections held on May 5, the Armenian government announced an unexpectedly significant increase in prices for gas sold to Armenia by ArmRosGazprom, mainly owned by Russian Gazprom.¹⁵

Another episode that illustrates the increasing pressure was the information about the deal worth 1 billion USD on armaments’ purchase by Azerbaijan from Russia, announced on June 18.¹⁶

The warnings from Russia came in the traditional areas of Russian influence: security and Russia’s economic presence in Armenia. In addition, there are rumors of another type of pressure targeting Armenian labor migrants working in Russia and the possibility of establishing a visa regime. If this happens, the picture will be full and will mean that Russia is using its whole arsenal of “soft” measures to prevent Armenia from progressing toward European Integration.

A comparison with pre-2008 Georgia can be made. Then too, under the pretext of Georgia’s declared readiness to join NATO and the EU, Russia severed economic ties and afterwards moved to ousting Georgian guest workers and severing diplomatic ties. The eventual result was the Russia–Georgia–South Ossetia war. However, the case of Armenia is different: Armenia and Russia have several times declared that they are strategic allies; Armenia is not planning to join either NATO or the EU, but merely approximating within a quite benign Eastern Partnership strategy, which is even considered not that much of an important priority on EU’s agenda today by many EU states. If these mild geopolitical changes generate a full-fledged Russian reaction, this will mean a deep change in the regional geopolitical balance established since 1994, when the Karabakh war ended. This balance was shaken in 2008, but didn’t really collapse.

It is also important to watch a similar, but strategically even more important for the EU and Russia triangle—that of Ukraine, Russia and the EU. However, it is not excluded that Russia may regard Armenia, as the

11 http://europa.eu/rapid/press-release_MEMO-13-350_en.htm#PR_metaPressRelease_bottom

12 <http://news.am/rus/news/156090.html>

13 <http://www.kommersant.ru/doc-y/1908052>

14 <http://www.azatutyun.am/content/article/25009494.html>

15 http://www.armenianow.com/economy/46978/armenia_russia_gazprom_natural_gas

16 <http://www.reuters.com/article/2013/06/18/us-russia-azerbaijan-arms-idUSBRE95H0KM20130618>

weaker and more dependent actor, as the test ground before going full-scale after Ukraine. Or, to the contrary, given that Ukraine is more difficult to influence because of its size and strength, Armenia may be regarded by some in Russia as the minimal level of success, which can be presented as a “consolation price” if Ukraine is “lost to the Eastern Partnership”.

While increasing its pressure, Russia should also be cautious of not jeopardizing its relations with Armenia to such an extent that the latter, indeed, will turn its back to Russia, accept the cost and go fully towards the West, the way Georgia did. In this context, it is also important to watch Georgia, which is making cautious attempts of rapprochement with Russia. Are there really chances to change the chess-like alliance situation in the South Caucasus, traditionally in place since the collapse of the USSR, whereby every two allies are territorially separated by an actor which is an ally with the foes of these two allies?

It seems that this time the EU is also inclined to take the rapprochement with Armenia seriously, which is clearly visible by the unprecedented statements made by different officials representing the EU or its member states¹⁷ and the intensiveness of holding negotiation rounds, meetings and other activities aiming to prepare everything on time before the Vilnius summit.

The success of the process, in addition to EU’s determination and decisiveness, may depend on the Armenian authorities’ ability to convince Russia that the two integration processes can indeed be combined, which may require statements that rhetorically emphasize the seeming preference for the Eurasia Union but are also diplomatically balanced with statements and actions of deepening the Association Agreement processes. If this approach is successful, there will be a certain point where the additional pressure will not make any more sense for Russia, and Russia will have to use other tools to keep its influence in Armenia. These tools may vary from radical steps like escalation on the Armenia–Azerbaijan border to soft measures targeting new pro-Russian political actors in Armenia, or even providing Armenia with budgetary assistance, new investments, etc.

It is important to keep the two separate tracks as distant as possible from each other, doing everything for securing smooth progress toward an Association Agreement, especially taking into account that it is not clear yet how much energy Russia will put into Putin’s idea of resurrecting the USSR with a questionably free market economy.

About the Author

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17 Polish President Komarowski during his meeting with Sargsyan in Poland on June 26th stated “It’s impossible to be a part of two different economic spheres at the same time, you have to choose one,” <http://www.wbj.pl/article-63168-armenian-president-wants-close-ties-with-both-russia-and-eu.html>

Armenia's European Choice After the 2012–13 Elections

Iris Kempe, Berlin

Abstract

The last 12 months in Armenia were dominated by elections. Parliamentary elections took place in May 2012, followed by the presidential elections in February 2013 and the Yerevan city council in May 2013. In addition to demonstrating how numerous domestic challenges are being planned to be addressed by the contenders, the contests could have become a test of competing visions on the international future of the country: being dependent on domineering Russia and holding on to legacies of the Soviet past versus capitalizing on the window of opportunity of the European choice. Three aspects are of considerable importance: the process of the elections themselves; to what extent the elections meet democratic standards; and communicating proposals to address the existing challenges, among them the issue of international orientation and reactions to international opportunities. However, some factors demonstrate that the international community did not see a sufficiently clear indication of Armenia's European choice, and the issue has been postponed to the post-election period. This period is particularly interesting also because the next national presidential elections will take place in 2018, the year which marks the centenary of the first independent Armenian Republic.

A Litmus Test for Democratic Standards?

The international community perceived the parliamentary elections in 2012 as a test case for overcoming the democratic disaster of the previous presidential elections in February 2008. After these elections, while the opposition indicated mass voter fraud, the OSCE assessed the elections as meeting democratic standards. On March 1, 2008, ten persons were killed after the government forces attacked protesters, and the government declared a state of emergency that significantly curtailed democratic freedoms. The inquiry into the violence was never finished. The events indicated deep democratic shortcomings, and over the medium-term, Armenia's domestic transformation suffered for several years. Perhaps this is the reason why Armenia's European orientation too was less clearly formulated over this period than could have been expected: first, domestically, the new Armenian government, with reduced legitimacy because of the unclear elections and violent events of 2008, could not move more boldly in the European direction, having too many ties with Russia. Second, the West, obliged to react to the democratic shortcomings, was expecting a decisive action from the side of Armenia's government to clear up the March 2008 issues. This action never materialized. Therefore, the West had to move more cautiously in its agenda of deepening ties with Armenia. Thus it hesitated in deepening relations with Armenia, although it never wavered from this agenda. That is why the 2012–13 election period was being watched by the West very attentively, since Armenia's government failed to put a clear full stop to the 2008 events. The new election period was one chance for Armenia's government to demonstrate that if not legally, at least politically, these events are a thing of the past.

Therefore the 2012–13 elections were a test case of whether Armenia would escape the previous bottlenecks restricting a further democratic, and therefore European, orientation. According to international observers, the parliamentary, the presidential and the local Yerevan elections proceeded peacefully and lawfully, and constituted progress in comparison with the previous elections.¹ At the same time, the internal opposition and civil society challenged the results of all three elections very vocally. Indeed, there were many factors which, despite the relative lack of violence and detected fraud on the election days, made the calm façade of the elections doubtful. These factors included lack of clarity with the voter lists (since many Armenians are *Gastarbeiter* abroad, particularly in Russia, the critics claim that their votes are used by the authorities, and, given that the lists of those who voted are not made public, these claims sound quite convincing). The European Union expected that the elections in 2012–13, particularly in comparison with the 2008 elections and the violent escalation afterwards, would make an important step toward greater integrity. Instead the election campaign was very much personality driven, not offering much input to shape the future development of Armenia. One should consider also that the manipulation of elections before the formal start of the campaign could have been the reason why important opposition parties, such as the Prosperous Armenia Party or the Armenian National Congress bloc, refused to nominate any candidate for the presidential election. Despite all this, Catherine Ashton, High Representative of the Euro-

¹ Republic of Armenia Presidential Election, 18 February 2013, OSCE/ODIHR Election Observation Mission, Final Report.

pean Union for Foreign Affairs and Security Policy, and Štefan Füle, EU Commissioner for Enlargement and European Neighbourhood Policy, made the following statement after the presidential election on February 18, 2013: “We welcome further progress made by the Armenian authorities in their efforts to hold these presidential elections in line with international standards, notably through improved administration of the electoral process, ensuring possibilities for candidates to campaign freely and better quality of the voter lists.”²

Armenian NGOs criticized the international support of the elections process and the results. (See the article of Isabella Sargsyan in this issue of the CAD, which gives a detailed account of this criticism.) However, the Armenian public should understand that the West had its own reasons to support the results. First, comparatively speaking, Armenia is still far away from being a consolidated autocracy like some other states in the neighbourhood. Second, the West expects from Armenia stability, which should become a basis for Armenia’s Western choice. Armenian civil society itself is in a condition of a cognitive dissonance: if it challenges the government too much, the chance for a European turn may be past, and Armenia may end up as a Russian backyard. If, however, it gives the government *carte blanche*, the latter will feel less obliged to implement the reform agenda and therefore, again, may end up by default as a Russian backyard. Moreover, the public discontent with European support for the election results made the European choice of the government even less easy to put forward domestically. This makes it even more important for decisive offers and actions to be advanced by the West in the post-election period.

Fulfilling international standards is seen as an important precondition for further transformation and to aspire to European prospects. The skin-deep lawfulness of the elections process paved a way, for the West, to declare the trauma of the 2008 elections over. Meeting democratic standards, at least on the surface, opened up further windows of opportunity for continued cooperation with the West. At the same time, the positive outcome should by no means be overestimated, since the structural shortcomings that lead to a violent escalation are more important than single events. According to international reports, overcoming the structural shortcomings in democracy and in the rule of law are still an ongoing task whose fulfilment would safeguard Armenia against another civic trauma.

Taking Reform Seriously?

The post-election period may indicate a new departure, because the re-elected leader should run Armenia through the next presidential elections in 2018, the centenary of the country’s first period of independence. The period of time with no major elections ahead offers the government many opportunities to respond to the electorate’s request to communicate an attractive vision of the country’s future. Traditionally, the political elite bolstered support with issues, such as improving economic development, but that has been particularly weak in recent years, perhaps also because endemic corruption was not seriously addressed. The other eternal questions, such as whether the Armenian leadership will be ready to move towards a resolution of the almost 25-year-old Nagorno-Karabakh conflict with Azerbaijan, and how to reconsider relations with Turkey by steering memory of the genocide toward conflict transformation and cooperation, are at the forefront of the interest of the West, but are traditionally almost absent from the pre-electoral agendas.

Therefore, these issues, as well as the West’s expectation that Armenia has to clarify its international orientation, can be seen as an almost hidden agenda, perhaps not really shown much internally, which defines Armenia’s relations with the West. Because of the extensive economic dependence on Russia for both imports and exports, Armenian migrants working in Russia, Russia’s vigorous pursuit of Russian-language education in Armenia, and geopolitical dependence, while at the same time being interested in the added value of European cooperation, Armenia has traditionally cooperated with both Russia and the EU. Setting priorities domestically first and foremost depends on Armenia’s European versus Russian choice, as well as on the impact of the international actors. Over the past period, both sides sought key moments to indicate interest in the European neighbourhood (or, as Russia calls it, “near abroad”).

The European Union is challenged to develop and implement the strategy of Eastern Partnership and move it towards successful finalizing of the association agreements with at least some of the Eastern Partnership states, to present during the upcoming Eastern Partnership summit in November 2013 in Vilnius some success stories. Even if the elections in Armenia were interpreted as positive signals and as sticking to European standards, the key country for Eastern Partnership still remains Ukraine, about which the EU is most challenged to offer clear signals. The South Caucasus in general is less of a decisive factor, but one can assume that the Armenian elections have had a positive impact. The Eastern Partnership is particularly challenged by democratic shortcomings in Belarus and Azerbaijan, the uncertainty in

2 Joint Statement by EU High Representative Catherine Ashton and Commissioner Štefan Füle on elections in Armenia, Reference: MEMO/13/125 Event Date: 20/02/2013.

Georgia, and first and foremost the backsliding of transformation in Ukraine and Moldova. Those two countries were originally seen as best practices cases of EaP for the upcoming Vilnius summit.

From the perspective of Russia, the Eurasian Customs Union that was signed in 2007 and is now on its way to becoming the Eurasian Economic Union in 2015 represents the key approach to shaping the post-Soviet neighborhood.³ Perhaps the new Eurasian formats demonstrate less Russian hegemony in its “near abroad” than the CIS institutional framework, at least in the sense that the new ones are planned to be more institutionalized and, therefore oriented more toward following some rules of the game. But joining these institutions would be a strategic choice for the future development of Armenia, in favor of orienting towards Russia and, as a side effect, this could be interpreted as a step against the European Union.

Setting priorities by elaborating an attractive vision is part of meeting existing challenges. This was not really the case during the 2012–13 elections. They were dominated by the absence of any consolidated program and political preferences among the parties and candidates vis-à-vis the Russia versus EU choice. Presenting an effective reform strategy solving the conundrum of orientation between Russia and the European Union was not an issue of the election campaigns at all, which, as mentioned above, on the whole were very controversial, interpreted by some as a case of oligarchic democracy.⁴ Setting the future agenda depends more than ever on the active influence of external actors. These might include the establishment of the Russian-driven Eurasian Union, versus the European Union Eastern Partnership developing its approach further by presenting new offers during the upcoming Vilnius summit.

On the one hand, European institutions can formulate expectations more clearly to go beyond formal criteria. Armenia fulfilled the formal criteria for democratic elections but did not indicate a roadmap towards further transformation, which is needed in order to overcome the syndrome of “decorative” democracy evident in the recent elections. Hopefully this roadmap can become the accompanying condition for Association Agreement reforms. Re-electing President Serzh Sargsyan and the Republican Party of Armenia he belongs to opens up two challenges to Europe, if the EU is interested seri-

ously, if at all, in becoming more decisive in its Eastern Partnership strategy. On one hand, it has to compete with Russia if it has any decisiveness at all with its plans to firmly incorporate Armenia into European systems. It looks like currently the EU is more advanced than Russia in this contest, because the Association Agreement is far more advanced than any concrete plans with the Eurasian Union. However, Russia might offer more in the sense of energy and a security framework. Recent developments demonstrate a possible increase of Russia’s pressure, perhaps because it feels that it is losing the contest with the EU: Russia has increased the gas price for Armenia; makes an armaments sales deal with Azerbaijan; tries to monopolize the company which brings gas to Armenia; etc. All these actions took place within the first hundred days of Sargsyan’s second term in office. It seems that Russia is demonstrating that even the moderate inclination of the Sargsyan’s cabinet towards the EU is not going to be acceptable to it. What are the counteractions of the EU? Is the promise of the donor conference going to materialize any time soon? Does the EU have sufficient resources to focus its attention on a small and not very significant country on its far periphery? On the other hand, the second challenge is to make the EU offer more attractive internally to the Armenian population, in other words, to help the Sargsyan administration with this.

The years ahead seem to be an attractive and relatively calm uninterrupted period, in which real reforms could take place. 2018 marks the centenary of the country’s first independence. Can this symbol be used for finalizing Armenia’s European orientation? For this reason, offering suggestions fulfilling strategic challenges with a future vision for Armenia needs to be elaborated and presented to the broader public. Against expectations, the election cycle of 2012–13 did not fulfill this task and left the door open for further debate. Deciding about the international orientation is still on the agenda, since it was not an issue of the elections, neither between the candidates nor among the broader public.

Conclusion

The elections in 2012 and 2013 can be assessed by the West, with some effort, as a further step of Armenia towards democracy and European values, indicating some success in making elections freer and fairer, but no breakthrough was made as of yet in providing strategies for integrating Armenia into European versus Eurasian institutions. The re-elected decision makers in power through 2018 can use the time ahead to stick to Armenia’s 2018 centennial obligations. During the recent election campaigns, deciding Armenia’s geopolitical orientation remained an open issue that did not

3 Iris Kempe, *The Eurasian Union and the European Union Redefining their Neighborhood. The Case of the South Caucasus*. In: *Caucasus Analytical Digest*, No. 51/2, 17 June 2013, http://www.css.ethz.ch/publications/DetailansichtPubDB_EN?rec_id=2574

4 Boris Navarsardian, *Parliamentary Elections in Armenia: From Decorative to Genuine Democracy?*, FES Armenia Perspective, June 2012.

generate much input in the election agenda. Russia is trying to use Armenia to increase influence in the South Caucasus and the neighborhood. At the same time, the Russian position still remains quite uncertain about whether to incorporate the country into the Eurasian Union and the Customs Union, which was highly criticized by the former US Secretary of State Hillary Clinton as a rebirth of the Soviet Union. This uncertainty opens a window of opportunity for the EU.

The European Union and its members are offering the strategy of Eastern Partnership, based on the principle of more support for more transformation. Additional offers, such as the idea of a donors' conference, might be provided by the upcoming EaP summit in Vilnius and beyond. Currently, Armenia is already in the process of negotiating the EU–Armenia Association Agreement, including a Deep and Comprehensive Free Trade Area Agreement. Armenia and the EU already signed visa facilitation and readmission agreements. While the EU can be seen as an important partner for modernization and soft security, Russia still matters much more for Armenia as far as hard security is concerned, in par-

ticular given the Nagorno-Karabakh conflict and the delayed war with Azerbaijan. Can the EU become a serious attractive alternative?

All these issues are part of Armenia's future agenda, and the country itself is challenged to provide input to develop a vision for its future. Since this was not the case during the latest elections, the agenda remains open, and there is an urgent need to formulate a domestic position. At the same time, international actors—Russia and the European Union—are challenged to implement their positions, but are undecided how to develop and implement related strategies. The quick recognitions of the election results by Russia and the European Union in unison signaled that the re-election of President Sargsyan demonstrated that both players postponed their decisive moves to the post-election period. Armenia's challenges can only be addressed by setting further priorities of international cooperation, which was not the case during the elections and still remains a future task, while the room for maneuver was marginally increased by at least partly meeting international standards for democratic elections.

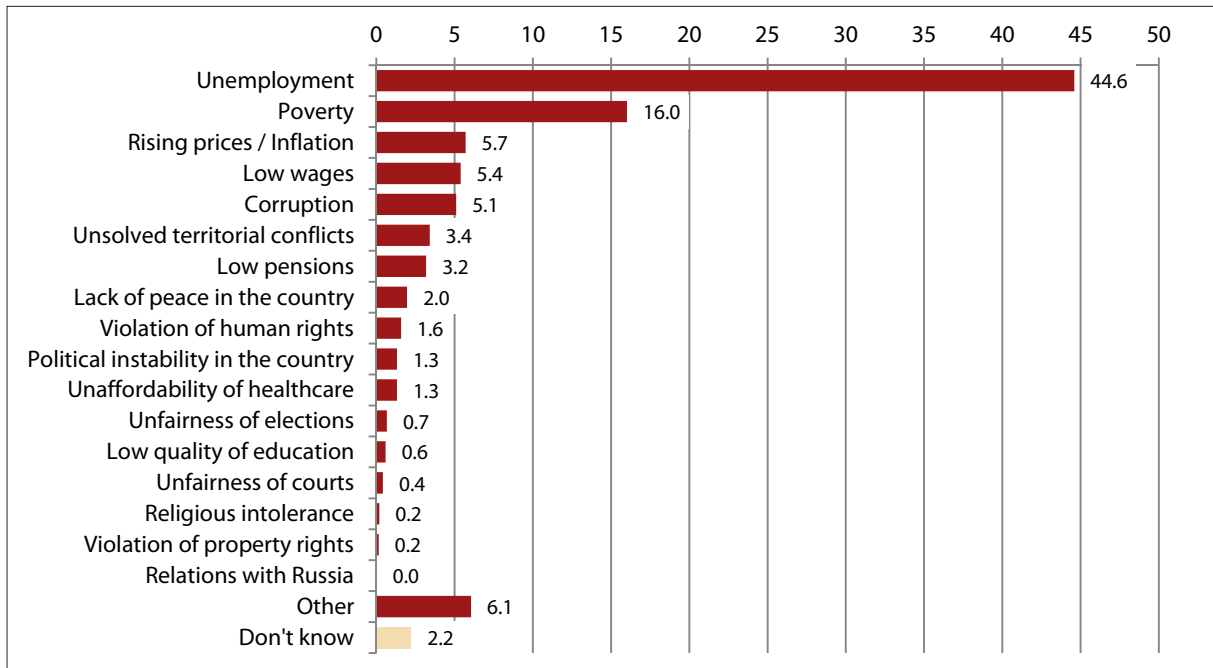
About the Author:

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OPINION POLL

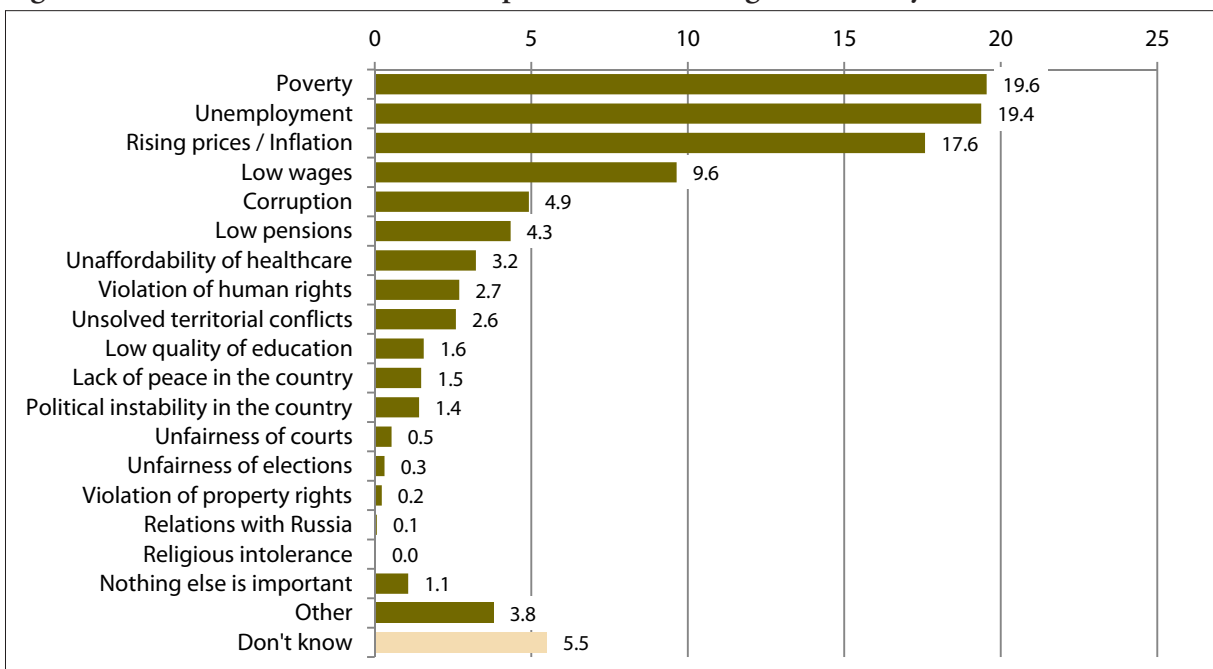
How the Armenian Population Assesses the General Situation of the Country (Caucasus Barometer 2012)

Figure 1: What Is the Most Important Issue Facing the Country?

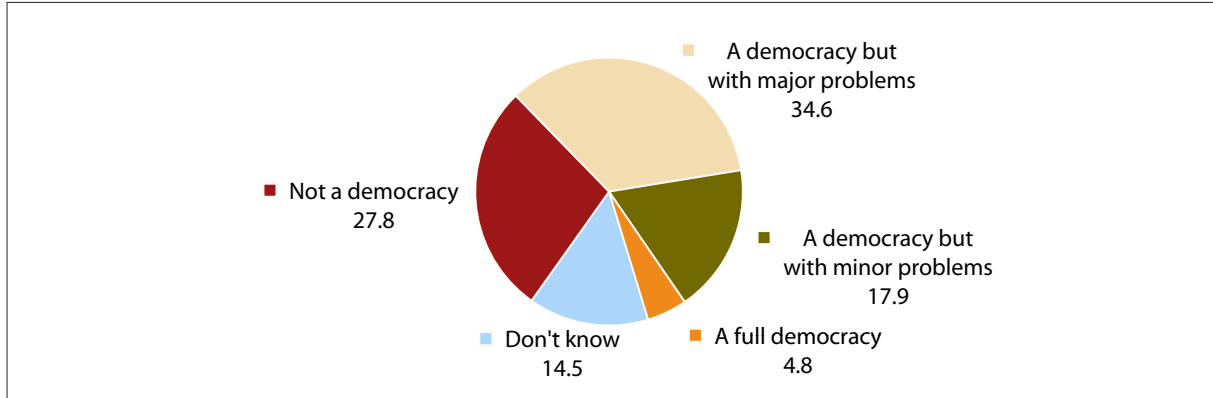


Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

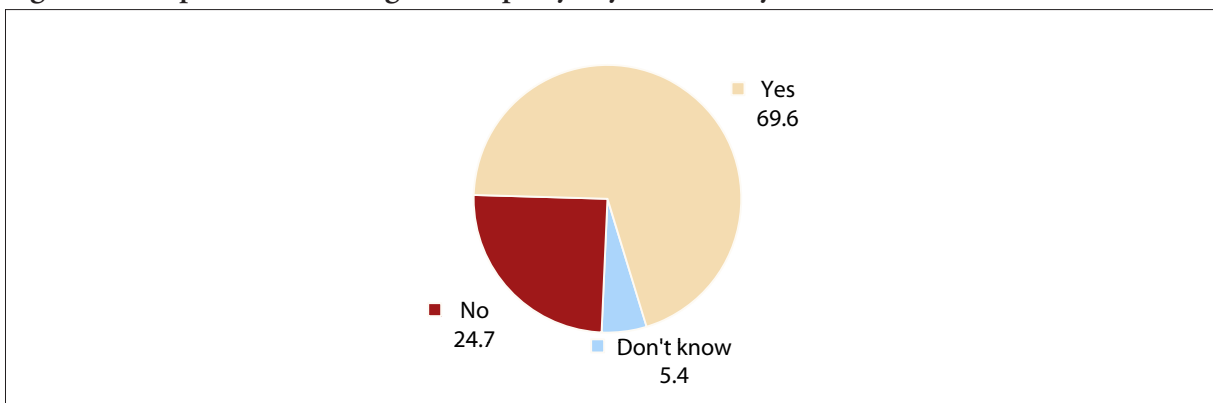
Figure 2: What Is the Second Most Important Issue Facing the Country?



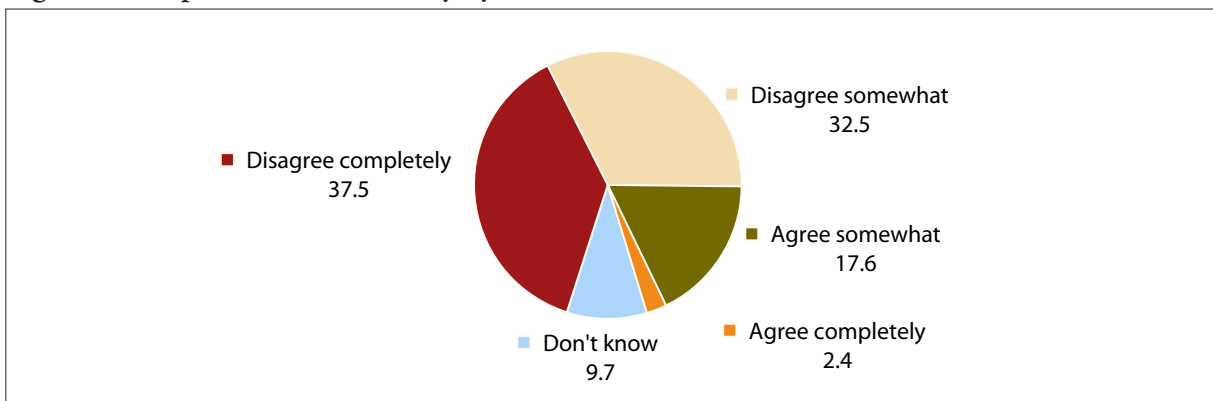
Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

Figure 3: How Much Of a Democracy Is the Country Today?

Source: *Caucasus Barometer 2012*, representative opinion poll conducted between October 26 and November 29, 2012

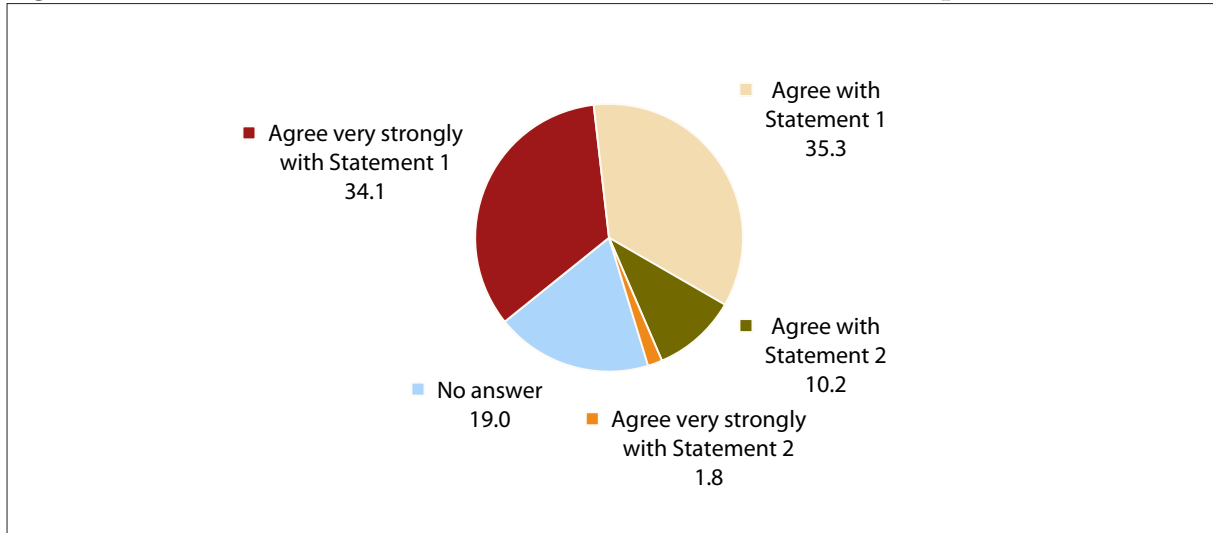
Figure 4: People Have The Right To Openly Say What They Think

Source: *Caucasus Barometer 2012*, representative opinion poll conducted between October 26 and November 29, 2012

Figure 5: People Are Treated Fairly by the Government

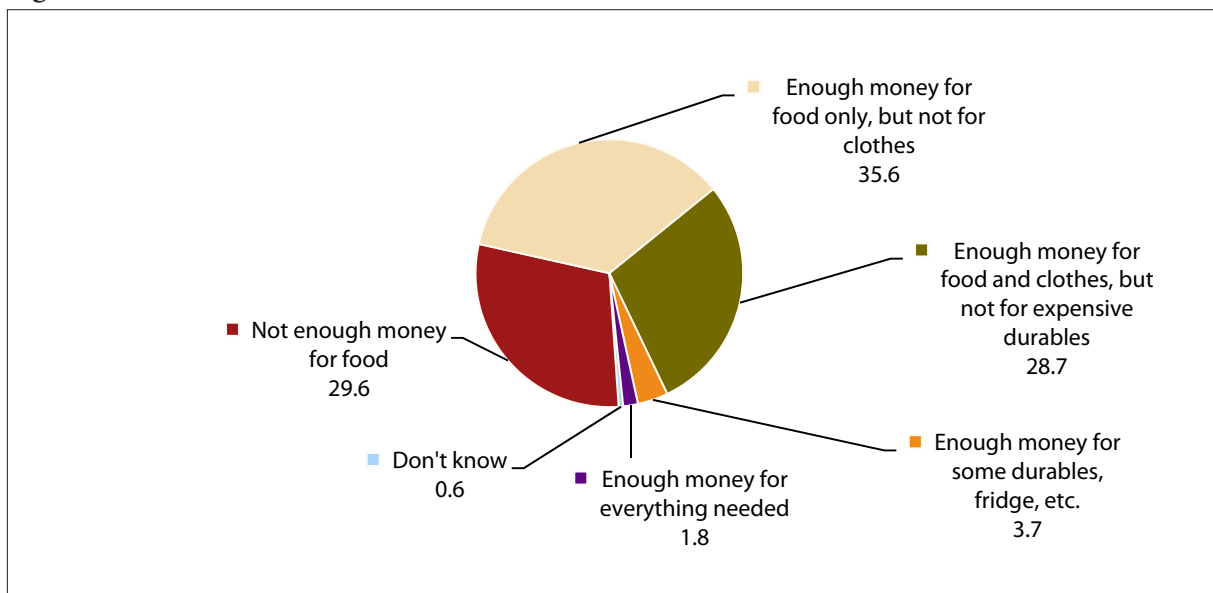
Source: *Caucasus Barometer 2012*, representative opinion poll conducted between October 26 and November 29, 2012

Figure 6: The Court System (1) Favors Some Citizens Vs. (2) Treats All Equally



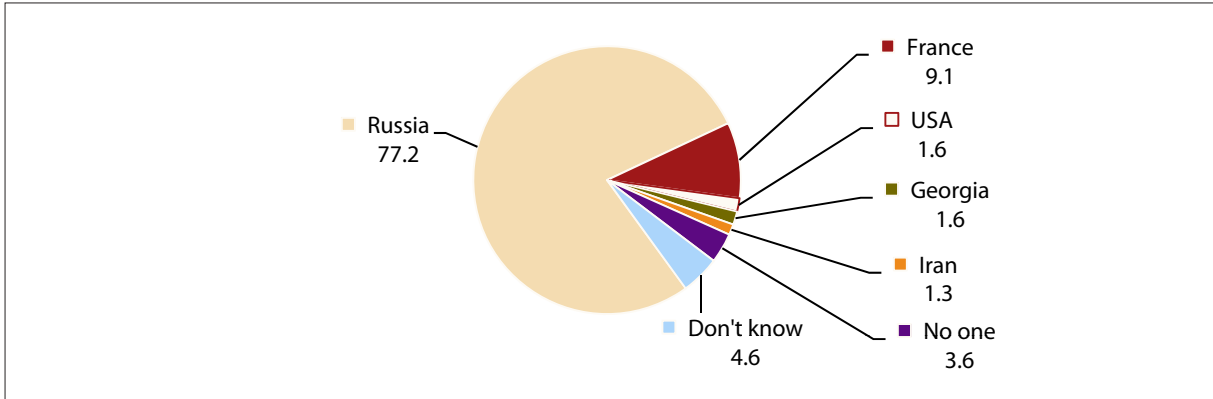
Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

Figure 7: Please Describe the Economic Situation of Your Own Household



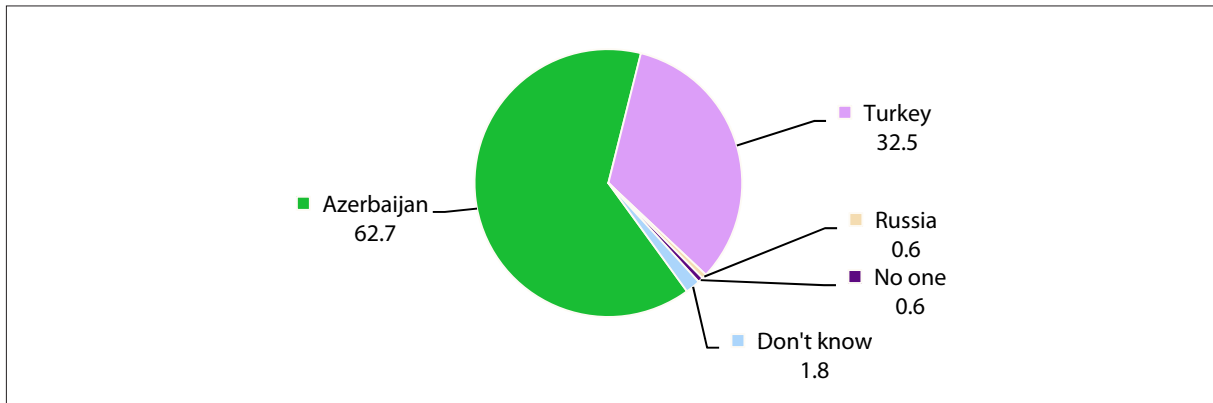
Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

Figure 8: The Biggest Friend Of Our Country Is ...



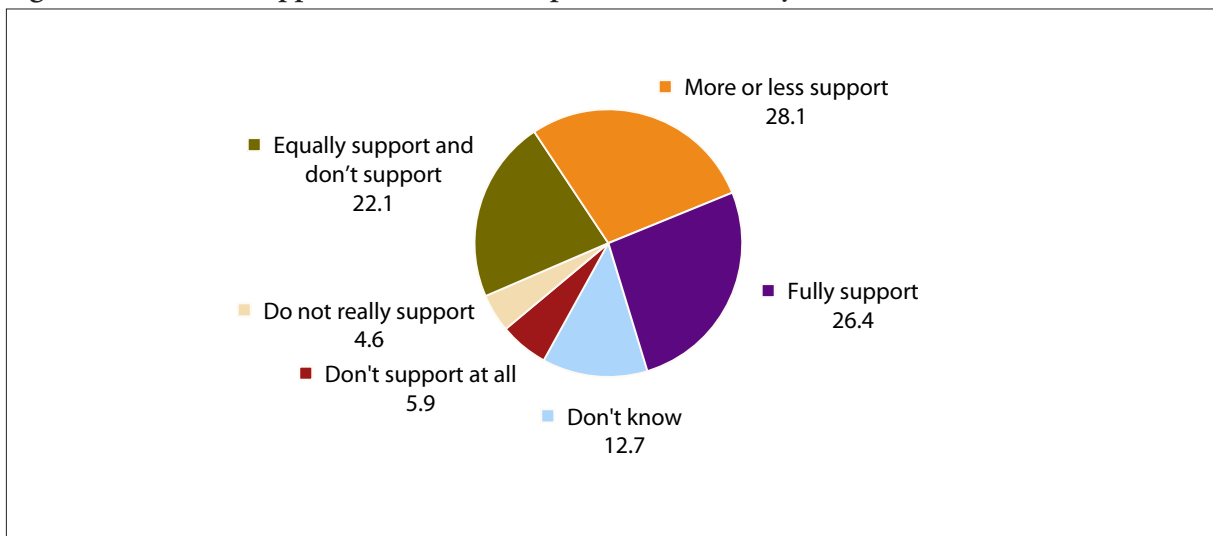
Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

Figure 9: The Biggest Enemy Of Our Country Is ...



Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

Figure 10: Do You Support EU Membership For Our Country?



Source: Caucasus Barometer 2012, representative opinion poll conducted between October 26 and November 29, 2012

CHRONICLE

From 25 June to 15 July 2013

25 June 2013	The Armenian National Security Service says that three individuals have been arrested for spying for Azerbaijan
25 June 2013	Georgian Prime Minister Bidzina Ivanishvili meets with Israeli Prime Minister Benjamin Netanyahu in Jerusalem and says that he wants to make the relations between the two countries “exemplary”
25 June 2013	In a comment to journalists in Jerusalem, Georgian Prime Minister Bidzina Ivanishvili says that he does not exclude the possibility of Georgian President Mikheil Saakashvili being arrested after leaving office following the presidential elections of October 2013
26 June 2013	The Russian Foreign Ministry says that the results of the twenty fourth round of the international Geneva talks have caused a “sense of disappointment” and concerns over the future prospects of this format of negotiations. The talks seek to resolve the problems around the separatist regions of Georgia.
27 June 2013	NATO Secretary General Anders Fogh Rasmussen says during an official visit to Georgia that the country is “on the right path” towards NATO integration
28 June 2013	The deputy mayor of Tbilisi Davit Alavidze is arrested on charges of embezzlement together with three other municipality officials
1 July 2013	The Georgian presidential press service announces that the date for the presidential elections in Georgia are set on 31 October 2013 with Georgian President Mikheil Saakashvili not seeking another term in office as he has already been re-elected for a second term
1 July 2013	Georgian Foreign Minister Maia Panjikidze meets with French Foreign Minister Laurent Fabius in Paris to discuss bilateral relations between the two countries, Georgia’s political situation and its NATO integration
1 July 2013	Georgian Interior Minister Irakli Garibashvili starts a two-day visit to Armenia
2 July 2013	Prominent screenwriter Rustam Ibragimbekov is chosen as the presidential candidate of the united opposition in Azerbaijan at a session of the National Council of Democratic Forces
2 July 2013	The Georgian Foreign Ministry announces that Georgia has revoked visa-free entry for Iranian citizens after the two countries had agreed to visa-free travel for short visits in 2010
2 July 2013	Twenty nine people go on trial in Azerbaijan for allegedly plotting terrorist attacks during the Eurovision contest, including the planned assassination of Azerbaijani President Ilham Aliyev
3 July 2013	The date of presidential elections in Georgia is changed back to 27 October 2013
4 July 2013	The Georgian State Audit Office says that the United National Movement party received an illegal donation of 5.2 million Georgian Lari in public money ahead of the parliamentary elections of 2012
4 July 2013	The Georgian Interior Ministry says that the Georgian police seized 116 kg of heroin and arrested two foreign citizens
7 July 2013	An Iranian lawmaker says that Georgia’s unilateral decision to revoke visa-free travel for Iranian citizens will have a negative impact on bilateral ties between the two countries
10 July 2013	Georgian Deputy Foreign Minister Davit Zalkaliani says that Georgia has sent invitations for international observers to monitor the October presidential elections
11 July 2013	The European Commissioner for Enlargement and Neighbourhood Policy Štefan Füle meets with Georgian Prime Minister Bidzina Ivanishvili in Batumi and says that they both hope to initial the Association Agreement between Georgia and the EU at the Eastern Partnership summit in Vilnius in November
11 July 2013	The EU will allocate 16 million Euros to Georgia to improve its capacities in the field of border management and migration
11 July 2013	Georgian President Mikheil Saakashvili leaves for Moldova to participate in the 3 rd Eastern Partnership summit of the European People Party (EPP) leaders
12 July 2013	Tengiz Gunava, who was appointed governor of the Samegrelo region in western Georgia by Georgian President Mikheil Saakashvili in January 2013, is found guilty of embezzlement during the time he served as head of the Interior Ministry’s internal investigations unit in 2012 and sentenced to four years in prison
14 July 2013	The Georgian Foreign Ministry announces that Georgia has established diplomatic relations with the Pacific island nation of Vanuatu, which recognizes Georgia’s “internationally recognized borders” including the break-away regions of Abkhazia and South Ossetia
15 July 2013	Three youth activists are sentenced to jail in Azerbaijan for “violating social order” as they were distributing anti-government leaflets

Compiled by Lili Di Poppo

For the full chronicle since 2009 see www.laender-analysen.de/cad

ABOUT THE CAUCASUS ANALYTICAL DIGEST

Editors: Lili Di Puppo, Iris Kempe, Matthias Neumann, Robert Orttung, Natia Mestvirishvili, Jeronim Perović, Heiko Pleines

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