

ARMENIA: SPECIFICS OF CONTEMPORARY POLITICS

Alexander KRYLOV

*D.Sc. (Hist.), leading research associate,
Russia's Institute of Strategic Research
(Moscow, Russia)*

Results of Election-2003

Two rounds of presidential elections, a referendum on amendments to the Constitution and parliamentary elections took place in the republic in the first half of 2003. Foreign observers described both rounds of presidential elections (February-March) as “not corresponding to the international standards and during which unprecedented number of violations took place.” The leader of the Armenian delegation at the PACE A. Gegamian branded the elections as “an anti-constitutional coup.”¹

According to the official figures supplied by the Central Election Committee of Armenia, in the second round the incumbent president Robert Kocharian got 67.44% of the votes, while his opponent Stepan Demirchian, leader of the opposition People's Party, 32.56%. Having studied the results, the Constitutional Court recognized Kocharian as the newly elected president but recommended the National Assembly to carry out a referendum on confidence in the authorities within the next 12 months. While commenting on this decision, Chairman of the Constitutional Court G. Arutiunian explained that the referendum would help overcome social confrontation and confirm the legitimacy of Kocharian's second presidency.

The parliamentary elections in May 2003 attracted more critical salvos from Western countries: the PACE and OSCE missions detected considerable violations of the vote counting procedure. Their joint statement said, in particular, that in certain key aspects these elections failed to comply with the international democratic standards: votes were bought while the voters had no faith in the election committees' honesty. As a result, according to the document, big businessmen won a large number of seats; many of them secured voters' support with services, money and commodities. The observers pointed out, however, that the parliamentary elections were much better organized and received much wider media coverage than the presidential elections.

These elections sent up political tension inside the country and damaged its image outside it. The turn out was the lowest in recent history; all political forces were caught at numerous abuses. This is all explained by the difficult and tortuous process of the emergence of civil society in the country (typical of all post-Soviet states).

Armenia inherited from the past inadequately developed democratic institutions—one should not expect that they, and the democratic development level, would reach the European standards in the near future. While analyzing the election campaigns we should bear in mind that the country is still trying to move away from an authoritarian to a Western type democratic system. As soon as we accept this, we shall be able to register obvious positive shifts in the desired direction.

R. Mirzakhanian, Chairman of the Ramkavar Azatakan Party of Armenia (RAPA), was very objective in his assessment of the elections and the political events that followed: “There were falsifications, yet they were not massive enough to distort the results. One more thing: in the past it was mainly the authorities that falsified elections and were engaged in other illegal deeds. This time we saw the so-called

¹ A. Gegamian, leader of the opposition Natsional'noe edinenie (NE) (National Unity) party also ran for the president.

opposition doing the same even on a broader scale. There is no justification for those who were trying to upset the balance in the republic. In fact, this played into the hands of those outside forces who did not want a peaceful settlement in Karabakh, who were doing their best to build up tension around the republic and who insisted that democracy in Armenia, Azerbaijan and Georgia was at the same level. This is not true. Indeed, who is fond of quoting irresponsible statements of the so-called heroes of our rallies and manifestations? The Turkish and Azerbaijani press and their loyal disciples and followers by which I mean certain Armenian newspapers.”

The parliamentary elections left outside the parliament many political organizations loyal to the president: the five percent barrier proved insurmountable for the Popular-Liberal Alliance, the Moguchai Otchizna, RAPA, Dostoinstvo-Demokratia-Otchizna, the Progressive Communist Party and certain others. Despite this, the pro-presidential forces secured the majority of seats in the National Assembly (NA), while the formerly absolute majority of the opposition parties contracted. The Republican Party of Armenia (RPA) headed by Premier A. Markarian and Defense Minister S. Sarkisian used its administrative resources to obtain the largest number of votes and received over 40 seats in the NA (out of the total 131); the party preserved its domination in the parliament and the government. The Armenian Revolutionary Federation Dashnaksutiun (ARFD), the Orinats Erkir (The Law-Governed State) and others accused the RPA of doctoring the election results; the Republican Party vehemently denied this. Still, the accusations raised even more doubts about the election results; Western observers voiced their doubts too. The opposition refused to recognize the results of the presidential and parliamentary elections and called on its supporters to organize mass protests to unseat the president and hold new elections. On 12 June twenty-five opposition deputies of the Artarutiun (Justice) bloc and the National Unity Party (NU) boycotted the first sitting of the newly elected parliament.

However, the opposition's efforts to build up tension failed. The political elite and society as a whole were aware of the danger of weakening the state still more; the public was sick and tired of political instability. In these circumstances the country's political future depended on how promptly society and politicians (both in power and opposition) would manage to return to the civilized methods of political struggle and abandon confrontation for the sake of addressing the urgent socioeconomic problems. Soon after the parliamentary elections the first signs of stabilization could be detected.

In June 2003 the president finally managed to stop discord in his political camp by distributing executive power among his allies. The Republican Party in the majority in the parliament, the Orinats Erkir and the Dashnaksutiun formed a coalition, yet they found it hard to agree on the NA speaker, the second most important political figure after the president. The RPA leaders resolutely objected to the presidential candidate, 34-year-old A. Bagdasarian, Chairman of the Orinats Erkir Party, because of his sharp criticism of A. Markarian's cabinet on the eve of the elections. Still, the president managed to persuade them: under the agreement the RPA got the posts of the premier, six ministers and one of the vice speakers of the National Assembly. The second largest parliamentary party Orinats Erkir (22 seats) was given three ministerial posts, while its leader (A. Bagdasarian) was elected the NA speaker. The pro-presidential ARFD party with 11 seats got three ministerial posts and the post of the second vice speaker.

In this way, having abandoned part of its power to two other parties, the republicans preserved their control over six key ministries, including in the financial, energy and industrial spheres. Their coalition partners had to be satisfied with posts of secondary importance. People from the Orinats Erkir got the ministerial posts at the ministries of town planning, culture, youth, science and education. The ARFD got the most difficult of the ministries: agriculture, health and social security.

Robert Kocharian retained control over the appointments of heads of three key ministries—defense, foreign affairs and justice. He used it to appoint S. Sarkisian, V. Oskanian and D. Arutiunian, respectively, to the former posts. The president remained in control of the state security structures. The coalition government can be described as the president's great success because this strengthened his position in continued confrontation with the opposition.

The new cabinet joined together the election programs of Kocharian and of the three parties represented in the government to create a state development program for 2003-2007: it envisaged reforms in the economic and social spheres, in the system of state administration, and anti-corruption struggle. The

government was entrusted with the following tasks: to complete the already unfolding reforms in the administration sphere, radically cut down corruption in it; ensure an annual 6-8 percent growth of the GDP; hold inflation at the level of 3 percent a year; increase annual export volume by 10 percent; lower the poverty level to 35 percent of the total population and cut down the share of destitute to 12.5 percent; increase by not less than 2 percent of annual GDP state funding of the health system, the planned figure for the system of education being not less than 3.2 percent; family allowances should comprise 1.3 percent of GDP; raise teachers' monthly salaries to 60,000 drams (about \$120) by 2007.

The Opposition

In the wake of parliamentary elections the opposition lost part of its political weight. The Justice bloc and the NU Party barely had themselves elected to the parliament, their factions being too small to affect voting in the National Assembly (Armenian analysts are convinced that the president can count on the desired outcome of voting in 99.9 percent of cases, which brings to mind the years of communist rule).

There is not a single opposition member in the government (in the past there were Communist and National-Democratic Alliance ministers). Today, no noisy anti-governmental actions and sharp criticism of the president and the government can produce any noticeable effect—at best the opposition can demonstrate its presence on the Armenian political scene.

In the post-election period the Justice bloc of 9 opposition parties (out of 16 acting in the country) led by S. Demirchian has remained the most influential opposition structure. Its leaders never tire of saying: "The republic has no longer a system of state administration: the controlling block belongs to Kocharian and Sarkisian who are supervising the key administrative spheres. There is no controlling structure above them."

The Justice bloc enjoys the strong support of the protest voters even though it can offer no single ideological platform; it is disunited and inclined to spontaneous actions. The leaders described its aim as "restoration of the constitutional system and establishment of legitimate power in the country in which the state system is impotent." This means that the bloc favors constitutional changes by trimming presidential powers, giving more power to the parliament and local self-administrations. The bloc agrees that removal of "illegitimate" power is its nearest aim, yet the leaders cannot agree on the means. Some want to remove the president by constitutional means (a national referendum); others want to use force (a popular uprising), still others want to combine "legitimate and revolutionary methods," which means a civil disobedience company, etc. There is a lot of talk in the opposition ranks that the bloc has "tangible resource" to remove the president in the near future, which "should not be disclosed before the decisive moment comes." Despite continued disagreements inside the bloc, it is kept together by its members' categorical rejection of Robert Kocharian as the head of state; its desire to undermine political influence of the parties represented in the cabinet and recover the level of executive power lost after the elections.

As distinct from the Justice bloc, the NU Party hopes to remove the president by politically isolating him and by convincing the ruling coalition parties to side with the opposition. According to its chairman A. Gegamian, "Armenia cannot develop not because of disagreements inside the coalition or because of very real contradictions between the coalition and the opposition, but because the illegitimate authorities have resolved to reproduce their own power." In the fall of 2003 he addressed the three coalition parties with the following words: "You have not yet tarnished your reputation with dirty deals; it is not yet late to come to your senses. The road chosen by the Kocharian-Sarkisian tandem is perilous for the Armenian state. It is not important who of them will come to power: their aim is to create the vacuum in which they will be able to reproduce their power. Kocharian will then entrust leadership to Serzh Sarkisian. This policy is perilous for the country."

Gegamian has also criticized the Justice's position in relation to the coalition parties because, he thinks, it splits society and play into the hands of Robert Kocharian who "usurped" power. The NU leader has pointed out that none of the coalition parties were responsible for anti-national acts (the 27 October

terrorist act² and barbarous actions that followed it); their activity cannot be described as anti-national, says Gegamian. So far, there has been no response to Gegamian's addresses: the coalition and the opposition betrayed no intention to side with the NU.

Political disagreements make it hard to achieve cooperation among the opposition forces; they prefer different methods of work and enjoy different degrees of influence in the country. The Justice members want to remove the unacceptable president. Having suffered a crushing defeat at the parliamentary elections (they got under 1 percent of the votes), the National Radicals (the Armenian National Movement (ANM) and its allies) want a radical change of the social and state order according to the Western values. The NU and the Communist Party (left outside the parliament for the first time in post-Soviet history) also want changes according to socialist (left) ideology. The opposition is fractured: the Justice, NU and other parties cannot agree on the majority of drafts presented to the parliament (on death penalty abolition, on the media, etc.).

In fact, the presence or absence of the opposition members in the parliament and the way they vote (or abstain from voting) produce little effect on the results. Being aware of their impotence, the Justice and NU factions deliberately boycott the sittings. M. Gasparian is the only opposition deputy who disapproves of this form of protest and regularly appears in the parliament. He is convinced that by avoiding parliamentary activity the opposition confronts not only the ruling elite but also the entire nation: "It is hard to understand why the opposition does not attend the sittings and does not question the cabinet. They were elected by people."

The authorities can ignore the opposition, yet the country's leaders continue inviting it to cooperation in dealing with most important national issues and ask it to be "constructive" when discussing other problems. The attempts to start a dialog have failed—the opposition continues insisting that the president lacks legitimacy.

Weakness of the opposition created a political vacuum of sorts: social discontent of a considerable section of the population finds no reflection in what the parliament is doing. The authorities may imagine that this is all to the best, yet the situation is fraught with serious political troubles. The overriding social issues are not discussed and not addressed within the framework of legitimate political activity, thus widening the gap between the nation and its leaders.

According to vice speaker T. Torosian of the RPA, the parliament needs an opposition; according to his colleague V. Ovannisian of the ARFD, "any country will fall to pieces without an opposition." It seems that the president who during the elections did his best to cut down the number of opposition deputies has realized that the situation in the parliament is far from normal. He has repeatedly expressed his regret about the opposition factions' boycott and pointed out that no government can function normally in a country where there is no opposition.

Fighting Corruption

Protectionism, nepotism, bribes and other illegal acts are still widely practiced among the bureaucrats and still remain a serious problem that so far has eluded solution. Bureaucrats are paid to ignore tax evasion, not to open criminal cases (or to decide them in favor of a more generous briber), speed up bureaucratic decisions, help avoid conscription, etc.

Corruption is damaging to the investment climate; some of the most lucrative businesses (especially the import of fuel and basic foodstuffs) are still state-controlled, which encourages malfeasance. Businessmen continue complaining about the abuses in the tax and customs structures steeped in corruption. The IMF and other Western donors are increasing their pressure on the state by their demands to put an end to corruption.

² On 27 October, 1999 a group of seven terrorists penetrated the parliament building and shot point blank at premier Vazgen Sarkisian, speaker Karen Demirchian, vice speakers of the National Assembly Iury Bakhshian and Ruben Miroian, Minister for Operational Issues Leonard Petrosian, deputies Armenak Armenakian, Genrikh Abramian, and Mikael Kotanian. The opposition points to Kocharian as the mastermind behind the crime.

It should be said in all justice that recently the laws related to business activities have been simplified in the conviction that this will cut down corruption. The government, however, is obviously avoiding radical measures: none of the highly placed bureaucrats lost his post and was taken to court for bribery or corruption. Bureaucratic abuses undermine public morale and society's confidence in the state structures that invariably favor the rich and influential. The opposition leaders are convinced that the presidential administration will not pluck up enough courage to apply the recently adopted "anti-corruption" plan.

Kocharian's opponents describe corruption as one of the pillars of the present social system which they define as "oligarchic." A. Gegamian, the NU leader, says: "The laws of a civilized market are not observed in Armenia; there is no free enterprise here. A handful of people has monopolized the key economic spheres and strangles any initiative of aliens. No more or less able person can start a business unless he is patronized by Kocharian and his clan."

Even so the situation in Armenia is much better than in other post-Soviet states. In its report the Transparency International described Armenia as the least corrupted among all other post-Soviet states³; the IMF agrees with this. James McHugh, permanent IMF representative in Erevan, relied on the results of independent research of international crediting organizations when he concluded that in recent years the government had achieved considerable successes in fighting corruption, especially in the banking and energy sectors. Said he: "Some people believe that Armenia is a highly corrupted country, yet there is information that this opinion is probably too negative and that the situation is improving." Still, the IMF representatives are convinced that "the Armenian government has to work hard to achieve the rule of law in the country."

Poverty, Destitution and Unemployment

Official economic and social statistics is another cause of bitter political disagreements: the opposition leaders insist that the figures are doctored and intentionally inflated. International financial organizations (the World Bank and the IMF) disagree with this: in their opinion, the official figures are fairly reliable. They class Armenia among the most rapidly developing countries: in the last seven years its GDP has been demonstrating sustainable growth. Some members of the ruling elite compare their country with Southeast Asia and even call it a "potential Caucasian tiger." This is probably too optimistic: in 2002 the Armenian GDP was about \$2.4 billion in absolute figures, a very modest figure for the country of three million people.

The World Bank believes that Armenia is one of the world's 49 poorest countries: 80 percent of its population is poor. According to the National Service of Statistics, 1.5 million of the country population rely on bread and potato for survival (they comprise 70 percent of their daily food consumption); 73 percent barely consumes 2,100 kilocalories a day, the international absolute minimum.

There is no economic growth outside the more or less affluent Erevan; at least half of the country's population is struggling beyond the poverty level or can barely make both ends meet. In August 2003 there were 123,200 registered jobless people; 152,800 more were looking for jobs and were registered with the state employment structures. According to unofficial figures, the unemployment level is much higher: about 40 percent of the able-bodied population. In the last 10 years unemployment drove away a considerable part of able-bodied people; recently the outflow has somewhat diminished. According to the Migration and Refugees Administration at the RA government, in January-June 2003, the number of those who left the republic was 24,800 more than the number of those who came into the republic. This is a decrease of 29.5 percent, or 10,400 as compared with the same period in 2002.

In 2003 the demographic situation somewhat improved. The *Aykakan zhamanak* newspaper published the following birthrate dynamics:

³ According to the Transparency International report, Azerbaijan and Georgia, as well as the Central Asian states are the world's most corrupted countries. In its 2003 report "Corruption Perception Index" Armenia was the 7th (out of 133 states); the RF, 86th; Kazakhstan and Uzbekistan shared the 100th place, Kyrgyzstan was the 118th; while Azerbaijan, Georgia and Tajikistan shared the 124th place. Bangladesh was the most corrupted, while Finland the least corrupted state.

in 1992, 70,581 births;
in 1993, 59,041;
in 1994, 51,143;
in 1995, 48,960;
in 1996, 48,134;
in 1997, 43,929;
in 1998, 39,366;
in 1999, 36,502;
in 2000, 34,300;
in 2001, 32,100.

In other words, the number of births decreased by 38,481 in 2001 as against 1992 (a 54 percent decrease). However, the situation is gradually improving. According to the National Service of Statistics, in 2002 the birthrate began to grow; the process continued in 2003. In January-June positive natural population growth was registered: the number of births was larger than the number of deaths: as compared with the analogous period of 2002 the number of births increased by 8.9 percent, while the number of deaths dropped by 1.6 percent.

In recent years impoverishment has somewhat slowed down. According to the U.N. World Food Program, in 2001 in Armenia the share of those living beyond the poverty level dropped from 55 to 50 percent; the share of the destitute dropped from 23 to 16 percent.

In August 2003 the government adopted a strategic program of fighting poverty for 2003-2015 that concentrates on social issues and on improving the systems of education and health protection. It is planned, in particular, to cut down the share of the poor from 50.1 to 38 percent by 2006, and to 19 percent, by 2015; it is planned to reduce the share of the destitute to 4 percent. The state budget of 2004 orientates toward this program. In addition, the government will try to increase budget revenues by about 35 billion drams (as compared with 2003) through better tax administration and collection. The collected money will be sent to the educational, health and social spheres. As a result, it is expected that the government will spend 7,420 billion drams more on education; 3,913 billion drams more on health protection; 4,230 billion drams more will be sent to the social services; the teachers' average wages will be increased by 70 percent to reach the figure of 30,951 drams. The minimum (planned) wages will exceed the poverty level and make 13,000 drams; average pensions will go up from 5,750 drams in 2003 to 7,661 in 2004; in 2004 the family allowances are expected to be increased by 25 percent to reach the figure of 9,649 drams.

Being fully aware of the rising social tension caused by higher food prices and its threats, the government tries to defuse the "tense psychological situation" by raising social allowances to the poorest sections. The main task is to outstrip inflation.

Possible Echo of the Events in Georgia

Armenia's political and economic development may suffer because of the change of leadership in neighboring Georgia. When commenting on the Georgian events, A. Rustamian, head of the parliamentary foreign relations committee, pointed out that his republic wanted that "alarming anti-Armenian calls would no longer be voiced in Tbilisi, that there would be no statements about closing the borders and that no serious damage would be done to communication lines. We have already discussed this, on a preliminary basis, with the forces that came to power. The impression is that they want to defuse the tension and conduct free and just elections."

The Armenian politicians are inclined to look at political instability in Georgia as a long-term factor; they are convinced that the danger of complete discontinuation of transportation across its territory is very real if the pressure builds up. Erevan has its doubts about resumed railway connection with Russia across Georgia; therefore it intends to speed up the realization of alternative transportation projects across Iran (by widening the network of highways, building a railway, etc.), as well as to more actively negotiate with Ankara the conditions of de-blocking the Armenian-Turkish border.

The Georgian events added vigor to the local opposition that intends to use the Georgian pattern to remove Kocharian. Today, however, it is too divided to act together. In fact, the disagreements are aggravating: the radical ANM accuses the leaders of the other opposition parties (Demirchian who heads the Justice bloc in the first place) of passivity and inability to organize massive protest rallies; it goes as far as hinting at the bloc's secret deal with the authorities. The ANM intends to head the "popular resistance to the illegitimate regime."

In the wake of the Georgian events the Armenian opposition is obviously counting on Western (American, in the first place) political and financial support. But one can hardly expect American interference if the situation remains under control: in the election year the Bush Administration will keep away from Armenia so as not to strain its relations with the nearly million-strong Armenian American community and the influential Armenian lobby in the Congress. The White House will probably limit itself to cutting down financial aid to Armenia to demonstrate its displeasure with Erevan's "too independent" and too pro-Moscow policies. It may even increase its aid to that part of the opposition that wants wide cooperation with the West and integration into the Euro-Atlantic structures at the expense of good relations with Russia.

The United States is seeking stronger political, military and economic positions in Azerbaijan and Georgia and tries to squeeze Russia out of these countries. Washington will probably try to extend its military presence there and will put greater pressure on Moscow so as to promptly remove the Russian bases from the Georgian territory. As soon as this is completed, Washington will step up its involvement in Armenia (this will probably be connected with the further developments in Iran and Iraq, two countries that neighbor on the Southern Caucasus).

One cannot exclude a possibility that domestic, rather than foreign, factors may aggravate the situation in Armenia. The food prices had already climbed up; the government announced that the gas, water, electric power and communal services prices would also be increased "to ensure more effective functioning and improve the services." This will send other prices up. "Optimization of the system of education" cost 5,000 teachers their jobs; before the end of 2004, 8,000 more will be made redundant. The government hopes, however, that more money poured into the social system and more systematic support of the vulnerable groups will save the country from popular discontent.

The energy fuel prices were raised at the time scheduled for the referendum of confidence in Kocharian (February 2004): the factor that could have triggered events unfavorable for the government. The opposition did not conceal its intention to insist on the referendum in order to translate social discontent into the Tbilisi scenario. It received a heavy blow from the Constitutional Court, the chairman of which, G. Arutiunian, declared that political stability had made the referendum unnecessary. The majority of the local experts agree that the situation cannot be destabilized to the extent that will require Kocharian's resignation. However, if the government fails to fulfill the promised social programs, destabilization will become possible.

Today, Erevan sees no reasons to alter the nature of its relations with Moscow; it should be borne in mind, however, that the pro-Russian orientation is not eternal. There are several factors that may decrease sympathies for Russia among the public and the political elite. I refer, in particular, to the repeated statements of the Foreign Ministry of Russia to the effect that it intends to step up its efforts to settle the Karabakh conflict within the OSCE Minsk Group (its representatives, too, made several statements to this effect). The Armenian public and the political community may become disenchanted with Russia if its positions are not pro-Armenian enough (as seen from Erevan): the issue is too painful for the nation.

I have already written that higher fuel prices have caused a lot of dissatisfaction in the popular masses. If associated with Russia's ownership of the energy-producing objects and with the Russian managers at the sector's joint ventures, the idea of economic cooperation between the two countries may die. On top of this, the media never stop reporting about youth organizations of fascist type that beat up or even murder Ar-

menians and people of other “unacceptable nationalities and races.” This and official Moscow’s inability to suppress these groups make a negative impression on the public. People become disenchanted with the Russian state and are gradually losing their former sympathies for Russia. It is quite obvious that stepping up the struggle against racism, ethnic intolerance and extremism is one of the most urgent tasks of the Kremlin.

It seems that the regime of “special privileges” extended to Armenia as the strategic ally of Russia would be the right answer to the increasing negative trends. This would offer Armenia a better position as compared with other “problem” CIS countries. The economic situation will improve if Russia introduces privileges into the energy and foodstuff spheres; improved Russia’s image will extend the social base of Moscow-oriented republic’s political leaders. These measures might also make a great impression on other CIS countries.

When analyzing Armenia’s prospects we should take into account not only the formal constitutional activities going on in the parliament and realized through elections and party activity that everybody can see. There is also the state mechanism. One should bear in mind that after the 2003 elections the country acquired (or rather strengthened) the authoritarian form of government that came after post-Soviet “liberalism” (read: a period of anarchy and shameless plundering of the country by the party of power, that is, the Armenian National Movement).

Authoritarian power relies mostly on military and civil bureaucracy. We all know from world experience that similar regimes may ensure political stability (which is especially important for the country encircled by enemies) and successful economic development. Today Armenia is a multi-sided structure with no social consensus and no homogeneous civil society. This explains why the Western model highly efficient in integrated civil society cannot be promptly planted in the Armenian soil. The period of authoritarian rule may prove to be a long one; the state structure will probably contain a large share of military and power structures: its manifestations are better adjusted to the nation’s ideas and to this specific historical period. It is expected to guarantee domestic political stability at the early period of the country’s independence.

Those of the international organizations (EU, PACE, OSCE) and Western leaders who are stubbornly insisting on the republic’s (and other post-Soviet states’) prompt democratization demonstrate their ignorance of the local specifics and possible negative repercussions of the “big leap.” In this way the authoritarian rule in Armenia makes it harder for the country to integrate into “the united Europe,” yet it does not prevent (or even helps establish) relations with Russia itself coping with similar problems.