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### **The “Velvet Revolution”: Armenia Two Years After**

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The paper explores the dynamics of post-Velvet Revolution state-building in Armenia, with a focus on domestic political implications of the revolution.

The political landscape of Armenia has been subjected to major ups and downs since country's independence in 1991, ranging from post-soviet authoritarian malpractices to the severe consequences of troubled relations with neighbouring Azerbaijan and Turkey. Evidently, Serzh Sargsyan's stint in power from 2008 to 2018 did not deliver the promised

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economic and political turnaround. Quite the opposite, the country found itself in complete political and economic disarray and irreversibly plunged into the orbit of the Russian influence, especially following the perplexing decision to join the Russia-led Eurasian Economic Union (EAEU).

One of the intriguing questions revolving around post-revolution state-building in Armenia is whether and to what extent the domestic change will lead to eradicate its entrenched authoritarian and corrupt practices.

Unsurprisingly, Pashinyan's government targeted the **fight against corruption** as a top priority.

Pashinyan's government criminalized illicit enrichment and intensified its anti-corruption campaigns (Emerging Europe, 2020). The government pushed for a series of high-profile trials against former senior officials, most notably ex-president Robert Kocharyan, former high-ranking officials Manvel Grigoryan, Aram Harutyunyan, Seyran Ohanyan and others. This extended to former defence minister and outstanding former ruling Republican Party member, Vigen Sargsyan, who was charged with "abuse of power," as well as to former Chief of Police Alik Sargsyan - charged with covering up illegal post-election crackdown on opposition protesters in Yerevan in 2008 and with destroying evidence of the "overthrow of the constitutional order" led by then President Kocharyan (Giragosian, 2019, p. 5). However, these arrests and investigations have not yet led to court rulings. Essentially, Pashinyan's fight against corruption has so far focused on punishing former government's members or associates. The question remains as to if the anti-corruption measures will move beyond selective

prosecution of former officials to the unequivocal application of “zero tolerance for corruption” principle.

Another major obstacle to democratic reforms is **centralization of power** in Armenia to the point, where checks and balances become impracticable.

Nikol Pashinyan capitalized on his huge popularity and through snap elections significantly consolidated his power. He has been largely treated as a “saviour” capable of turning Armenia’s plight around and putting the country on the path to prosperity and democracy. Meanwhile, the huge power in the hands of charismatic leaders is fraught with power abuses in the absence of powerful opposition. There has been a strong tendency in Pashinyan’s discourse to style his regime as “people’s government” that introduces a new form hyper-democratic interaction between state and society. More specifically, Pashinyan’s discourse regarding the “people’s government” has reached a point where there seems to be a blurred line between state and society. Given huge public support for Pashinyan’s government manifested in its landslide parliamentary victory in December 2018, Pashinyan and his proxies even contend that any step against their government is a step against the Armenian people, as they represent the “people’s government” (Factor, 2019). Pashinyan suggests that he embodies the will of the people and that Parliament's legitimacy is based on that will: “In Armenia, there is no coalition government. In Armenia, there is no parliamentary majority. In Armenia, the ultimate power directly belongs to the

people and the people carry out direct rule. This is the key meaning of the revolution that took place in Armenia” (Armenian Weekly, 2018). Some observers regard this as populism at its most anti-democratic, which evokes memories of Juan Peron or Hugo Chavez, hardly democratic icons (Blank, 2018).

Clearly, in attempts of rousing public protests against Sargsyan’s regime, Pashinyan would subject former president’s government to fierce criticism for its inability to raise living standards and eliminate corruption. Meanwhile his discourse on post-revolution Armenia’s development strategy suggests that government has little to do with those issues, as long as in “people’s government”-led Armenia people are the sole source of reforms and changes. That said, the pre-revolution discourse, filled with promises and pledges of fundamental reforms is smoothly giving way to more down-to-earth stances on government’s role in Armenian society, government – society relations, as well as on the essence and driving forces of reforms. Notably, in the speech he gave to introduce the program, Pashinyan said that “poverty is in people’s minds” (Eurasianet, 2019). He added that “the numerical parameters of the economic revolution actually depend on how many Armenian citizens will respond to our call to become activists of the economic revolution and how many will decide to take advantage of the opportunities of the same revolutionary platform” (Ibid).

It follows that any possible failure of the new government would be people’s failure unable to overcome “poverty in their minds.”

Pashinyan has put forth hundred facts about “new Armenia” emphasizing the accomplishments in raising living standards by increasing salaries, promoting economic rejuvenation, increasing military capabilities, fighting against corruption and ensuring judicial independence, as well as promoting homecoming of immigrant Armenians (Pashinyan, 2019).

Arguably, in contrast to Saakashvili’s invariably ambitious discourse on “missionary,” European and powerful Georgia, Pashinyan’s one has been limited to strictly socio-economic and domestic political issues, at the heart of which are “people’s government” and “economic revolution”.

### **Path dependency: the “Russian problem” of post -Velvet Revolution Armenia**

Given post-revolution Armenia’s Prime Minister Nikol Pashinyan’s critical stances on country’s plight in Russia-led unions, it would be tempting to leap to farreaching conclusions about possible foreign policy turns. Notably, in the fall of 2017 Pashinyan-led “Yelk” parliamentary faction submitted a bill proposing Armenia’s withdrawal from the Russia-led Eurasian Economic Union – framed as a dormant union detrimental to country’s interests (Azatutyun, 2017). Furthermore, Pashinyan would denounce the Russian policy towards Armenia on all sides, stressing particularly the ‘cynical interventions in Armenia’s domestic affairs’. Therefore, “the fear that joining the EAEU will result in serious threats to

the sovereignty of Armenia, has become stronger” (Aravot, 2017a). Yet, from the very beginning of his prime ministership Pashinyan fundamentally changed his stances on the EAEU and the Armenian-Russian partnership. During the first meeting with the Russian President Pashinyan particularly noted: “We have things to discuss, but there are also things that do not need any discussion. That is the strategic relationship of allies between Armenia and Russia ... I can assure you that in Armenia there is a consensus and nobody has ever doubted the importance of the strategic nature of Armenian Russian relations” (Reuters, 2018). Moreover, he confirmed Armenia’s commitment to deepening further integration in the Eurasian Economic Union, framing it as beneficial to the country: “Armenia is eager to see the furtherance of integration processes in the Eurasian Economic Union. We are ready to do our best to further develop the integration-targeted institutions and find new ways and mechanisms for cooperation” (Primeminister, 2018). The dramatic changes of Pashinyan’s discourse suggest that the domestic political change in Armenia has not led to revising immensely asymmetric Armenian-Russian relations. This provokes an inquiry into the economic and political rationale behind the continuity in Armenia’s foreign policy. The first major factor behind Armenia’s further adherence to the Russia-led path is heavy economic and energy dependence on Russia.

It is noteworthy, that the Russian policy towards restoring its economic and political influence in post-Soviet countries marked significant accomplishments in Armenia. Consistent with Putin’s philosophy of using energy dependency and Russia's state-controlled energy companies as

foreign policy instruments against neighbouring countries, over last two decades Russia took over around 90 percent of Armenia's power generating capacities (Terzyan, 2019). Furthermore, in 2013 Armenia ceded control over all its natural gas infrastructure to the Russian energy firm Gazprom, in payment for a \$300 million debt to Gazprom, which it incurred as a result of secretly subsidizing the Russian gas price from 2011-2013 (Asbarez, 2017). In return for writing off the debt, Gazprom was also granted 30-year exclusive rights in the Armenian energy market (Ibid). Clearly, the absorption of Armenia's energy sector goes into the policies, narratives, and discourses that accompany the attempt to represent Russia as a global "energy superpower" leading to the restoration of its global status as a "Great Power" (Bouzarovski and Bassin, 2011).

The gas price manipulation - as a part of Gazprom's "energy weapon" has been consistently used to exert political influence over the Armenian government. Gazprom increased gas prices for Armenia by 50 percent and threatened to further increase it in case Armenia refused to join the Russia-dominated Eurasian Economic Union (Asbarez, 2013). Remarkably, former President Serzh Sargsyan would candidly admit that energy dependence on Russia significantly influenced Armenia's decision to join the Eurasian Economic Union instead of signing the Association Agreement with the European Union: "our choice is not civilizational. It corresponds to the economic interests of our nation. We cannot sign the Association Agreement and increase gas price and electricity fee three times?" (Terzyan, 2017, p. 191).

Ironically, Gazprom decreased gas prices as Armenia decided to join the EAEU. Notably, in an attempt to fight against Gazprom's monopoly and malpractices, the new Armenian government launched an investigation in Gazprom Armenia and which led to finding a series of irregularities and even to accusing it of tax evasion and corruption. The State Revenue Committee claimed that the company inflated its expenditures and under-reported its earnings in 2016 and 2017. "Gazprom Armenia incorporated obviously false data on value-added tax and profit tax calculations presented to the tax authorities during 2016 and 2017. As a result, they calculated several billion drams less than their actual tax liabilities," the committee statement said (Radio Liberty, 2018). Yet, in response to Armenian government's bold attempt to hold Gazprom Armenia accountable, Gazprom determined to increase the gas prices for Armenia in 2019. The price increase is "symptomatic of how the Kremlin is exploiting Armenia's acute dependence on Russian hydrocarbons, using gas supply as a political instrument to put pressure on the Pashinyan-led government," Eduard Abrahamyan, a London-based analyst of Armenia (Eurasianet, 2019). Clearly, by using Gazprom's energy weapon and increasing gas prices for Armenia, Russia strives to tighten its grip on new Armenian government and further keep the country in the orbit of its influence. In terms of broader economic rationale behind Armenia's dependence on Russia it is worth to note that as a single country, Russia is the main external trade partner of Armenia, being the destination for 20 per cent of Armenian exports and source of 70 per cent of remittances (Terzyan, 2019, p. 128).



Russia also maintains lead in the realm of foreign investments in Armenia. According to official information, there are around two thousand enterprises with Russian capital, which is over one fourth of all economic entities with involvement of foreign capital (Terzyan, 2019, p. 128).

Another major factor, that comprises a significant aspect of the Armenia Russia relationship is the security linkage. The turbulent landscape of the South Caucasus region, fraught with Armenia's troubled relations with neighboring Azerbaijan and Turkey has significantly contributed to Russia's treatment as a strategic security ally in Armenian political thinking. This goes into the anatomy of Armenia's smallness and the tendency of the small states to put heavy reliance on alliances. The latter are call for the commitment of the "big" allies to take effective and coercive measures, in particular the use of military force, against an aggressor (Gartner, 2001, p, 2). The Russian 102nd Military Base is located in the Armenian city of Gyumri, while the Russian 3624th airbase is located at Yerevan. Russian troops also patrol both the Armenia-Iran and Armenia-Turkey borders (Roberts and Ziemer, 2018, pp. 155-156). Remarkably, the core argument dominating the Armenian discourse over the EAEU membership has centered on the irreplaceability of the Armenian-Russian security alliance as a critical bulwark against security threats stemming from neighboring Azerbaijan and Turkey (Terzyan, 2018, pp. 158-160). There has been a broad consensus among the Armenian political leadership on the vital importance of Armenia-Russia security partnership and the fact that Russian troops located across the Armenian-Turkish border significantly shield Armenia from Turkish-Azerbaijani hostilities and thus lead to treat

Russia as 'security provider' (Terzian, 2018b, p. 242). To describe Armenia's plight in the hostile neighborhood with Turkey, the former Chairman of the permanent commission on external relations of the Armenian Parliament Armen Ashotyan referred to the quote "Poor Mexico, so far from God, and so close to the United States" and added that this image of the US could be completely projected to Turkey. In doing so he justified the choice of the Russia-led Eurasian Economic Union and framed it as indispensable to Armenia's security in the face of the Turkish menace (Aravot, 2017b).

Pashinyan's discourse suggests that "small" Armenia's heavy security reliance on its "big brother" Russia is bound to continue. First, he denied the possibility of foreign policy u-turns by framing Russia as Armenia's biggest ally and confirming commitment to further deepening Armenian-Russian strategic partnership (Pashinyan, 2018). Second, consistent with his predecessor, Pashinyan has tended to express solidarity Russian controversial foreign policy choices. Notably, at his very first meeting with Pashinyan, Putin stressed the necessity of keeping up the cooperation in the international arena, focusing particularly on UN, where the two nations "have always supported each other" (Kremlin, 2018). No wonder, post-revolution Armenia voted against another UN resolution on the de-occupation of Crimea in December 2018 (Modern diplomacy, 2019). A major factor leading to Armenia's tremendous dependence on Russia is the latter's being home to the largest diasporic Armenian community of over two million Armenians. No wonder, the discourse on Armenia's membership in the EAEU – has been characterized by a strong emphasis on

the large Armenian community in Russia as a major factor for Armenia's decision to join the EAEU (Terzyan, 2019, pp. 131-132).

It is noteworthy that seasonal labor migration to particularly Russia has constituted a crucial survival strategy for many Armenian households to this day. Russia is most popular destination for Armenian migrants and according to the official data, more than 95 per cent of seasonal and 75 per cent of long-term migrants work in Russia (Emerging-Europe, 2018). Annually, more than 200,000 Armenians go to Russia for seasonal employment (Ibid). Remittances sent to Armenia from Russia by individuals increased by 14.6% in 2017 (Intellinews, 2017). Meanwhile, the 2016 World Bank data suggests that Armenia was in 21st place worldwide among the most remittance-dependent countries, with personal remittances received making up 13.1% of GDP (World Bank, 2017). There are concerns that Armenian migrants will be subject to harsh mistreatment in case of Armenia's 'disobedience' i.e. deviation from the Russian-led foreign policy trajectory. This assumption is based on the Russian authorities' massive crackdown on the Georgian population in Russia, following Georgia's determination to advance profoundly towards the EU and NATO (Terzyan, 2019, p. 133). It is perhaps for this reason that Ara Abrahamyan, the President of the Unions of Armenians in Russia, gave credit Armenia's decision to join the EAEU, emphasizing its security implications for the Armenian community in Russia (Ibid).

Overall, along with other issues, the mistreatment of Georgian population in Russia sent ripples of apprehension into Armenia and alarmed the repercussions of 'angering' Russia. No wonder, the Armenian leadership

framed the decision to join the EAEU as inevitable, repeatedly citing its positive implications for the Armenian community. There has been broad consensus among the representatives of Armenia's political leadership that despite the resentment that Russian policy may generate, Armenia should avoid 'provoking' Russia. Otherwise, the latter would severely punish Armenia's 'disobedience', by arming Armenia's fiercest enemy Azerbaijan, increasing gas prices or even cracking down on the Armenian community in Russia (Aberg and Terzyan, 2018, p. 168).

In sum, while defeating corruption remains the top priority on the new government's agenda, Armenia's heavy dependence on Russia keeps putting heavy constraints on the country's political and economic transformation.

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