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## Electroprotests in Armenia as a Manifestation of the State's Crisis

By Maciej Falkowski, Warsaw

### Abstract:

Protests against the increase in electricity prices, which broke out in Armenia in mid-June, were a manifestation of the increasing social, economic and political crisis that has been haunting Armenia since the collapse of the Soviet Union. The protests were anti-systemic and—regardless of the declarations of the protesters themselves—contained anti-Russian elements. They triggered serious anxiety in Moscow, which in an attempt to appease the tension made several unexpected gestures. The protests are a new and important phenomenon in Armenian politics, but they are unlikely to generate processes that could affect the direction of developments in Armenia, as the country's internal situation largely depends on the geopolitical situation in the region, which is unfavourable for Armenia.

### The “Electromaidan”

The protests began on 17 June, after the Commission for the Regulation of Social Services at the request of the Armenian Electrical Network (owned by the Russian company Inter RAO) announced a 16 percent increase in electricity prices effective as of August 2015. The initial reactions were far from spontaneous. The first protests near the Commission's premises were organized by the “Dashnaksutyun” nationalist party's youth group and the “Nikol Ablagian” student organization. On 18 June, a group called “Stop the Looting” was formed and organized further protests. However, the demonstrations soon became spontaneous and unorganized. The “Heritage” opposition party, the “Pre-parliament” organization and some activists of the Armenian National Congress attempted to join the protests, but the unfavourable reaction of the demonstrators prevented the protests from turning into a political event. The protesters' only demand was that the decision to increase prices be withdrawn. Ultimately, the “Stop the Looting” committee could no longer control the expanding crowd of Yerevanians. The protests also spread to other Armenian towns, especially Gyumri.

The demonstrations initially took place in the Liberty Square, the traditional protest site in the Armenian capital. Ignored by the authorities, protesters blocked Baghramyan Avenue, which connects the immediate center with the Presidential Palace and the Parliament. The next morning security forces used water cannons to disperse demonstrators, arresting around 200 people (the action was not heavy-handed and nobody was seriously injured). In the evening demonstrators blocked the street again by constructing a makeshift barricade made of rubbish containers. A two-week blockade started which, regardless of the intentions of the protesters, who wanted to avoid any parallels with the events in Ukraine, was dubbed the “Electromaidan”. After almost two weeks, the protests started to dwindle, attracting fewer and fewer participants. They ended on 6 July, after the police destroyed

the barricade and removed the remaining handful of demonstrators.

The protesters did not manage to achieve their goal, but the spontaneous and apolitical demonstrations, which in their peak gathered around 10,000 people, have revealed not only people's frustration due to the deteriorating economic situation, but also their energy, especially that of the young generation. Every evening Baghramyan Avenue saw a peculiar street festival. People danced, sang, and talked. During the day, the area surrounding the barricade turned into a kind of agora. Young people, adults and the elderly, families with children came to discuss and listen peacefully, with no aggression. The demonstrations had no leaders, no speeches were made and journalists who came to Baghramyan Avenue had to interview the people who gathered there. Everyone could express their opinion. Although the protests were completely non-institutionalized and poorly organized, they let out the surprising creativity of the demonstrators, who drew up banners with joking slogans and anti-systemic contents. An important element of the demonstrations was their virtual side: numerous profiles were created in social networks, the internet was full of photos mocking the authorities, the discussions which started in the streets continued on Facebook. The two-week protests in Yerevan will certainly pass into the history of Armenia as a spontaneous outburst of democracy and civil society.

The media, especially foreign ones, dubbed the Yerevan events the “Armenian Maidan” and “Electromaidan” hashtags started appearing on Twitter, however the demonstrators avoided any parallels with, and openly distanced themselves from, the developments in Ukraine. This caution resulted not only from their fear of being accused by the government and Russia of acting at “western instigation” (which happened anyway), but also from the true nature of the protests, which had nothing to do with the European option. In this respect, a notable incident took place on 2 July, when the demonstrators

expelled from the protest site a famous oppositionist Paruyr Hayrikyan, who along with two of his supporters brought flags of the European Union.<sup>1</sup>

### The Government Stance

During the first several days, the protests were ignored by the government, a result of the adopted strategy rather than disregard for the risk of an escalation in social tensions. The first blockade of Baghramyan Avenue ended in violent dispersal of the demonstrators and mass detentions. However, from the very beginning the authorities avoided violence, mindful of the internal and international consequences of the events which took place on 1 March 2008 (when protests were dispersed following the presidential election, as a result of which 10 people died and the international image of Armenia was seriously compromised), but also because of the Ukrainian Maidan (where violence applied by Viktor Yanukovich led to the escalation of protests, as a result of which the government was overthrown). The following day, the arrested protesters were released and the next blockade was not dispersed by force.

The lack of political leadership and poor organization of the protests, as well as the uncompromising attitude of the demonstrators, who brought forward just one demand, made it difficult for the authorities to handle the situation. From the present perspective, it is clear that President Serzh Sargsyan adopted an efficient tactic towards the demonstrators, although he risked that the government would compromise its credibility. The strategy included three components. The demonstrators were to be treated cautiously, even respectfully (Interior Minister Vladimir Gasparyan, who visited the avenue daily and held discussions with the protesters, played an important role here). At the same time, backstage attempts were made to divide them internally. In the political dimension, the president took steps aimed at showing the demonstrators that he was ready for a certain compromise in the short run, while upholding the decision to increase electricity prices in a long-term perspective. Sargsyan proposed an audit to be conducted of the Armenian Electrical Network by a specialized foreign company in order to check whether the Armenian monopolist, which controlled electricity distribution throughout the entire country, was operating efficiently and whether the price increase was justified from an economic point of view. Pending notification of the audit results, the government would bear the cost of the price increase. The demonstrators initially rejected the president's proposal, but on 29 July part of them (including members of the "Stop the Looting" committee) yielded

to the government's persuasion. They initially moved to the Liberty Square and finally dispersed. The blockade on Baghramyan Avenue continued, but grew smaller every day. On 6 August, the police dismantled the blockade and forced the remaining handful of demonstrators to leave or arrested them.

The authorities' tactics to wait out the demonstrations proved efficient. However, one cannot rule out that if the audit results favor the government (which is highly probable, given the fact that the auditing company will be chosen in cooperation with Inter RAO) and the decision to increase prices is sustained, the protests may be resumed.

### Russia's Reactions

The Russian factor played an important role in the protests which, regardless of the declarations of the demonstrators themselves, contained anti-Russian elements. Although they were primarily aimed against the government, the demonstrators perceived the Russians, who own the Armenian Electrical Network and control key branches of the Armenian economy, as responsible for the situation.<sup>2</sup> Anti-Russian elements were strengthened in reaction to the biased way the Yerevan events were presented in the Russian media, which interpreted them as a Western plot aimed against Russia. A similar stance was adopted by some Russian politicians.<sup>3</sup>

The anti-Russian elements in the Armenian protests as well as the fact that spontaneous grass-roots protests resembling the beginnings of the Maidan occurred in a country that belonged to the Eurasian Economic Union and remained in the Russian sphere of influence triggered serious anxiety in Russia. This was confirmed by Moscow's reaction, which was disproportionate to the scale of the threat to Russian interests, and several unexpected gestures towards Armenia. Russia not only agreed to the audit of the Armenian Electrical Network, but also provided Armenia with a preferential loan amounting to USD 200 million for the purchase of arms and promised to reduce the price on Russian gas (from USD 189 to 165 for 1000m<sup>3</sup>). Contrary to the previous policy, the investigation of the case of the Russian soldier Valeriy Permyakov, which horrified the Armenian public

1 <<http://news.am/eng/news/275123.html>>

2 The arrogance of Armenian Electrical Networks Director Yevgeniy Bibin, who refused to participate in the meeting of the Commission for the Regulation of Social Services and announced that his company did not have to explain the price rises, contributed to the escalation of tension.

3 E.g. head of the Russian Duma International Committee Konstantin Kosachev or an influential pro-Kremlin political scientist Sergei Markov. See, for example, <<http://www.businessinsider.com/russia-is-seeing-conspiracies-in-armenia-where-none-exist-2015-7>>

in January of 2015 (Permyakov, who served in the Russian military base in Gyumri, murdered an Armenian family of six), was transferred to the Armenian authorities. There is little indication that the steps taken by Russia in fact contributed to the solution of the crisis, but they prove that Moscow is anxious and uncertain about its influence in the post-Soviet area.

### **Protests as a Manifestation of Socio-Political Crisis**

The nature of the protests was only seemingly apolitical. Although the protesters did not voice political slogans, the demonstrations cannot be viewed in a narrow perspective, i.e. only as a protest against the increase in electricity prices, nor should they be considered in separation from Armenian politics and the geopolitical situation in the region.

In the background of the protests is the socio-economic crisis which has been haunting Armenia since the collapse of the USSR and which has deepened significantly in recent months, resulting in the deterioration of living conditions felt by the majority of the society (increased unemployment and inflation rates, decrease in money transfers from economic migrants working in Russia, weakening of the Armenian currency in relation to the U.S. dollar). The demonstrations are not only a protest against price increases, but also a manifestation of people's frustration growing throughout the years, which is already so great that economic migration—the traditional way for Armenians to cope with economic hardship—no longer provides a security outlet.

The social and economic crisis in Armenia is accompanied by a political crisis. The non-institutionalized nature of the protests and the demonstrators' distanced attitude towards opposition parties was a vote of no confidence for both the government and the opposition. Their anti-systemic nature has demonstrated a crisis of the entire political system. Such an attitude among society toward the political elite stems from the latter being unable to solve society's problems and to prevent the further collapse of the state. A few years ago, the public expressed unfavorable opinions mostly about the government, which has ruled Armenia since 1998 (the so-called Karabakh clan). Currently, people are equally critical of the opposition, which has not been able to come up with any alternative to the oligarch-dominated Republican Party of Armenia (e.g. the Armenian National Congress or the Heritage party), which either started to cooperate with the government (e.g. the Dashnaks) or became part of the establishment and benefits from the system (as the Prosperous Armenia of Gagik Tsarukyan or the Rule of Law of Artur Baghdasaryan).

### **Geopolitical Cul-de-sac**

The apolitical nature of the demonstrations points to something more than just a systemic crisis of the Armenian state. The protests are an example of the collective mechanism encompassing both the elite and the society, which could be described as an attempt to deny reality. People protesting against the increase in electricity prices, like the majority of the society, are not aware of how deep and dramatic the situation of Armenia in fact is and do not realize that even if their demands were met, the situation would not improve anyway. Most Armenians blame the difficult economic situation on "bad and greedy politicians" who exploit the nation in the name of their particular interests. The people of Armenia (including the majority of intellectual elites) do not link the increasingly poor living conditions to the dramatic geopolitical situation of the country (international isolation, closed borders, dependence on Russia, loss of sovereignty), which is the real source of most of their problems. They do not understand that the answer to the question about the origins of the oligarchic political and economic system should be sought not so much in the internal situation (e.g. the lack of reforms or not fully democratic political system), but in the geopolitical cul-de-sac, in which Armenia has remained for the last 25 years.

The irrational mechanism of collective reality denial described above stems from the fact that if it were to be acknowledged, one of two Armenian national sanctities would be compromised, i.e. the Karabakh cause which along with the problem of the genocide constitutes a pillar of the modern Armenian national identity. Meanwhile, it is the Karabakh problem that lies behind the dramatic geopolitical situation which Armenia currently faces. If it hadn't been for the Nagorno-Karabakh conflict, there would be no blockade by Azerbaijan and the border with Turkey would not be closed, thus there would be no regional isolation of Armenia which has become one of the pillars of the oligarchic political system. If it hadn't been for the Karabakh conflict, at least some transport routes would be built on the territory of Armenia (the shortest route from Azerbaijan to Turkey leads through Armenia, not through Georgia), the country would not be so dependent on Russia and apart from the Russian option, could also make the European choice. There would also be bigger chances to establish diplomatic relations with Turkey, as Ankara repeatedly declared that the only obstacle for the establishment of relations between the two countries was the unresolved Karabakh conflict. If it hadn't been for the Karabakh war, neither Robert Kocharyan, nor Serzh Sargsyan would become presidents of Armenia and the big and lively Armenian community in Baku would certainly

be the beneficiary of the crude oil boom. Armenians have lost all the above chances in exchange for the former Nagorno-Karabakh Autonomous Oblast with some adjacent territories.

The Armenian public is not ready to acknowledge the above facts, because that would undermine the only acceptable narrative on Karabakh (that the conflict had to break out and that the fault for its outbreak lies entirely on Azerbaijan<sup>4</sup>), and question the significance of the victims and sacrifice that Armenians have endured since 1988 in the name of separating Karabakh from Azerbaijan. The only politician who over 15 years ago openly spoke about the necessity of a compromise solution of the Karabakh conflict so that Armenia

could develop was former President Levon Ter-Petrosyan. Because of this, he had to resign.

Viewed from the above perspective, recent protests in Yerevan although a new and interesting phenomenon in the political life of Armenia, do not *de facto* mean much and cannot generate processes which could seriously influence the direction of developments in that country. The key to changes in Armenia does not lie within the country, but in the geopolitical situation of the region. Furthermore, Armenia has very little influence on these changes, as it is a hostage of the Nagorno-Karabakh conflict and finds itself in a geopolitical trap, remaining an object rather than a subject of international relations.

#### *About the Author*

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4 There are many versions concerning possible scenarios explaining the outbreak of the Nagorno-Karabakh conflict. Many participants of those events, from both the Armenian and the Azerbaijani side, claim that the conflict could have been triggered by opponents of perestroika within the Soviet elite (mainly in the secret service) in order to spark the outbreak of ethnic conflicts in the periphery of the Soviet empire and force Gorbachev to back away from his reform policy.

## Some Observations on the Economic Implications of Constitutional Reform in Armenia

By Zareh Asatryan, Mannheim and Freiburg

### **Abstract:**

Armenia is preparing for a major reform of its constitution. The draft of the new constitution proposes a switch to a parliamentary system from the current (semi-) presidential system and to a proportional electoral rule from the existing (semi-) majoritarian system, among other changes. In this short article, I present some stylized facts and summarize the existing knowledge about the economic effects of constitutions. This body of evidence suggests that a switch to a parliamentary system with proportional representation may create political institutions that favor a larger public sector in Armenia with a particular pro-spending bias in social insurance programs. On the political side, descriptive evidence based on conventional democracy scores suggests that parliamentary countries, on average, have more developed democratic institutions. However, a closer look at countries that switched to parliamentary systems in the 1990s and 2000s reveals that governments opt for a constitutional change primarily to utilize more not less political power.

### **Introduction**

On the 4<sup>th</sup> of September, 2013—six months into his last term in office—the outgoing president of Armenia signed a decree forming a specialized commission on constitutional reforms. In March 2014 the commission published its concept-paper for the constitutional

reform, motivating the proposal by “the necessity for implementing the principle of the rule of law, improving the constitutional mechanisms for guaranteeing fundamental human rights and freedoms, ensuring the complete balancing of powers, and increasing the efficiency of public administration.” In July 2015 the proposed