

# Armenia 3.0 Understanding 20th Century

## Part 7

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### [Video material](#)

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**Gevorg Ter-Gabrielyan (GTG)** - Okay! So, now we will continue talking about the independent Armenia, about the first years of independence. I tried to mention some of the voids, some of the gaps that exist in our understanding of the Karabakh movement, of [perestroika](#), of 1988 movement and of the following events. And, of course, some of the gaps are coming from the gap that the big picture is not being studied, is not being even understood, and the big picture, one of the basic characteristics of it, was the concept of **duality**.

The **duality**, because of which the Karabakh conflict, and participation in the Karabakh war, wasn't legal from the Soviet perspective by the end of the Soviet Union: still the Soviet legal framework existed.

The **duality**, because having an enemy is... You know, **hating a nation, for instance, is not normal for a human being, and the Armenian society was more or less normal. So they didn't want to go into this hatred paradigm all together and kind of in an organized way.**

The **duality**, because the way the Soviet Union political economy was conducted was collapsing anyway; and people were used to not having to do much at their workplaces; and this became compounded with the blockade, with the war, with the collapse of the Soviet Union. So a lot of structures and institutions collapsed; and those which didn't collapse, they became ineffective or less effective than they were before.

A huge amount of change had to happen. And we will talk about the kind of... the state building process. I want to mention some of the elements of the **state building: the law, the production of laws, a new parliament, the legal framework that was being established.**

It is my impression, I haven't studied, but it is my impression that at the beginning there were quite some good laws, or laws which were necessary at that time, which were established; and they were moving the society, the country, the newly independent state in the direction of liberal market economy; and they were also in a way forced landing. Like, I am not using the official

types of these laws, but **the law of land**, when [kolkhoz system](#), or [sovkhos system](#) collapsed, and it was declared that land can be distributed, owned freely by the population in the communities.

The **law on the local government**, which actually created too many local government entities, every small or big unit, small settlement or big settlement that existed received rights to establish independent local government system; and 900+ such units were established essentially. And now we are facing the need in centralizing them, in consolidating them to a certain extent, because many of them could not survive, because they are depopulated, they don't have enough resources to maintain themselves as local government units. So several settlements are being united into one local government system.

But at that point in time, when the situation with the blockade was not allowing the government, the newly formed government to take care of the needs of the population, like economy has collapsed; there could have been hunger, fortunately it was avoided; the war was escalating; and the people were leaving; there was no energy...

In that situation these laws were, of course, being a forced landing. They were also taking Armenia towards liberalism; and they were like allowing the population to survive.

What happened was that afterwards, there was the negative side of this, the laws were implemented and then the negative side of the implementation started to become more and more obvious. Like the fact that some of the settlements could not be properly governed because of the lack of funds; the fact that the small farms that were appropriated by farmers were then bought by richer people for very little money; and the farmers were left without land; and the monopolies on farming were established in some regions.

All this was the next stage. So when you start the game things start going also in an unexpected directions. As I said, there was no feeling that the government is very well educated. We had... what types of professionals we had? We had old Soviet professionals, and among them were some good managers, like [Vladimir Movsisyan](#), who died recently. A figure that is known as being an old good manager, who inherited his kind of aura, his charisma from the Soviet times, who has done many different works, but essentially, independently if his units that he managed worked well or not, he was this positive case of an old soviet style management.

We had people who were coming from the diaspora to take up management positions, not many, but we had some, [Raffi Hovhannisian](#), [Jirayr Liparidian](#), afterwards [Vartan Oskanian](#). Again, they were, of course, at least well educated in the West, however they didn't really had a governance experience when they came to Armenia, and they had different views. And some worked more successfully, some less successfully, but essentially the situation somehow swallowed their desire to do something good, because in the absence of a clear cut perspective of where is this society going towards, because of the war and because of this naive, romantic idea that we may eventually get the Karabakh issue resolved in our favor, full stop.

And because of the economic hardship and everything else this clear cut perspective on how, where to go was absent essentially. I should say, however, that at the beginning of the game, when Armenia became independent, there was more of sophistication.

Like, of course, it is easy to say “let’s recognize Nagorny Karabakh”, and it’s very easy to say “let’s just be as we were beforehand and kind of give Karabakh back to Azerbaijani rule with some security guarantees”.

But what the Armenian first government did, it started to play this very complex game which was, of course, not easy to understand for the larger population and for the international community apart from the specialists: that we make Karabakh into a side in the negotiations. So, we regard Karabakh, on one hand, as part of Azerbaijan, which is separated from Azerbaijan, so they have to discuss with Baku their future, and in that respect Armenians (from Armenia) are only the supporting side. On the other hand, because of the special relationship that existed between Karabakh and Armenia, we strengthen the Karabakhis’ voice, via the capacity that Armenia has as an independent state, represented in all of the international organizations.

So, this was very difficult to establish. And, of course, in a way we were more advanced than, for instance, Azerbaijan at that time, in the field of thinking along these lines. **This required, you know, the same duality that I was talking about; here it was put to a good use. So, if in the case of, like, hating versus humanism, there was this duality which was a negative thing. If in the case of the corruption, Soviet type corruption, versus desire to have good national state vis-à-vis Armenia, this was a negative duality. In the case of making Karabakh into a side in negotiations without recognizing the Nagorno Karabakh Republic, this was a very sophisticated and very positive, dynamic duality.**

So, unfortunately, it was sacrificed, as we know, at some point in time, when [Robert Kocharyan](#) came to power. He said, ‘I am from Karabakh myself, so I’ll take both positions myself’, which was a very wrong thing to do. But if you look at it from Azerbaijan’s perspective, you can see also several reasons in that, because if it’s Karabakh which separated from Azerbaijan, then, of course, Azerbaijan should negotiate with Karabakh, and Armenia is only a supporting side. So, when this changed, the fact that Azerbaijan claims that Armenia is occupying not only the additional territories, but also Karabakh itself started to sound more likely, more, kind of, easy to grasp for many people who don’t get into the details of the conflict.

So, this duality that I have talked so much about, (they tried) to make it into something positive, and it is complex. But when it becomes positive, to continue on working alongside this kind of difficult and complex way of resolving the issues (becomes difficult): something which was characterizing the first time, the first part of the rule of the new independent Armenia’s government.

But I come back to the laws, because I have noticed this, and I have studied it as a scholar. I have noticed that, similarly with the laws that I mentioned, there were some other laws which were

adopted at that time, or in the first period of independence, which were positive. Like **the media law** and, for instance, **the higher education law**. Again, they were giving a lot of freedom to the media and to the higher education institutions. And then, **when we look at the law-producing practice of Armenia, of independent Armenia, we can see how these laws became either less advanced in the next generation laws, or are overruled by the next generation laws.**

In the case, for instance, of the university law, the higher education law it is very obvious; because the independence of universities was proclaimed by the first law; and then there was another law which made universities into non-profit state organizations or something like that, under the management of the profile ministries. So, universities then would go under the management of the Education Ministry and, for instance, museums would go under the management of Culture Ministry.

And then we saw once, in recent times, about five or so years ago, when a rector of a university was fired, he went to a court and said that universities are independent entity, so I cannot be fired by the minister. But the court said: Sorry, according to the first law that's true, but according to the second law all of the entities like yours have become under the management of the minister, therefore you can be fired by the minister. **So, this is an indication on how the laws deteriorated.**

Another example for me is the jury law, **the law on the jury court**, which existed, the opportunity for a jury court existed. I don't know if it has ever been tried or not, maybe not, but then it was removed from the next generation laws, I think in the constitutional changes of the 2005, or so, because it was declared that in Armenia, where everybody knows everybody, it is very easy to bribe the jury members, and so they won't be independent making decisions.

This is funny, because **it is, you know, demonstrating the illogical way of approaching things.** Because **this statement actually claims that bribing five, six or twelve, I don't know how many, jury members is more likely than bribing one judge.** So, the idea is that the judge cannot be bribed versus the jury members can be bribed. Whereas in the jury trial of court, the main idea is that it is not the judge who makes all of the decisions; that it is the public, the members of the public who are kind of becoming the judges on this or that thing, which is a very healthy idea.

**Again, it was done as if a reform, in fact, the development was towards making judges even less accountable to the public, but not because somebody wants them to be independent, but because that makes it easier for them to be fully accountable, fully under the pressure of the executive strength.**

In that respect the story that recently happened with [Donald Trump decision](#) on halting migration from some of the Muslim countries is very telling, because when the judge made a decision to the contrary, saying that this is not corresponding to the American law system, Donald Trump decided to rework the law and make it better.

What would happen, for instance, in Russia in that case? Imagine if a judge makes a decision contradicting the order of the president of today's Russia. Next morning the police would knock on the door of the judge's apartment, and of his office. They would start search in the apartment and in the office, and they would find out a bag full of drugs, heroin brought from Afghanistan, one of the countries that was on the prohibition list. And they would easily prove that this judge was actually a part of the drug ring from Afghanistan. And therefore, he had or she had a personal interest, hidden interest to make this decision. The judge would end up in the court forever, and all other judges would refrain forever from making any decision which goes against the interests of the president.

This is the difference: that **the ways of corruption and the ways of work in the former Soviet Union space are incomprehensible for people who have not gone through the Soviet times. People who have not gone through the Soviet times don't know how many different shapes corruption can take, how many ways one can manipulate the law, how shrewd one can be into making the situation work in one's interest.**

So, in a way, the liberal democracies in the West, in my opinion, are based on naiveté. It is easy to, kind of, to dismantle them. And we know that some of the Armenians who left for the United States immediately engaged into the criminal rings, like abusing the socialist elements of the American system, right? I don't know, [the Medicare](#), etc. And they ended up in prisons or prosecuted. And why is that? Because they were used that the best way to, kind of, get out of the situation is to abuse the socialist system, which was a very common thing in the Soviet socialist times.

Because, as I said, nobody believed in the state anymore, nobody considered the state property anything valuable. **And, in that respect, the fact that you pay taxes you may... the government employees' are servants of yours - this is not well understood in Armenia. It is very much a top down feeling today here, as well as it is in Russia and in some of the other post-Soviet states. In some of them it is less perceived like that, like in Georgia, but in most of them it is like that.**

**So, the laws went, first they were not bad, and, in a way, Armenia became an independent country, and a recognized one; and then they were, of course, gradually taken to absurdity.**

**Migration, as I said, was happening. National ideology was not very strong enough, but it was being built and built and built. And so the economic situation was bad, so the quality of education became worse and worse. So, you know, here (in one side of the picture) you can put education, migration, and all of the unfortunate tendencies that started to take root in Armenia: corruption schemes...**

And it is very important to understand how did they evolve, right? I gave one or two examples of the thinking behind corruption schemes. But you may see also many others. And we will talk about that a little bit more, especially when we move into **the positive: which is the appearance**

**of institutionalized civil society in the way, in the kind of, form of NGOs, and also the coming in of the international development assistance** (writing on the whiteboard: *international development*).

What happens here? **It is well recognized, again not well studied, but well recognized that 1988, the Earthquake became one of the catalysts of both of NGO movement, as well as of the international development assistance.** Because those who knew English, independently of their other specializations, could easily engage in being translators, brokers, helpers for the international community who arrived to provide help to Armenia. **And then many of them, or some of them became then forever working in the field of either NGOs, or international development,** ended up working in international development institutions that were set up in Armenia, with contracts, with agreements between Armenia and either the states or the intergovernmental organizations.

So, these people, merely because they knew English well enough, they were often just English language teachers in the schools; they became these, indeed, catalysts of the start of the development of the NGO movement, of international development institutions in Armenia.

But, of course, there was also the negative side in this; which was that these people didn't really have any education in how to work in these fields. And 'the Soviet mentality', as they say, of course, created good conditions for immediately starting to corrupt this process as well.

**Well, we can see how does 'the Soviet mentality' work in the post-Soviet Armenia, in terms of its relationship with the corruption. I would say there are, you can see, like, at least three, maybe, ways of its work.**

In **the first one**, I already explained with the Medicare, it was not that Armenians in the United States would become, you know, robbers of banks, this is not a typical case; but using the Medicare is a typical case, abusing it.

Why? Because it is something which comes from the state, so it seems free, so it is just **setting up a certain bureaucratic system to milk the state for one's own personal benefit.**

So, it is just that **in the Soviet times corruption was based on exactly the same thing**, right? **Petty theft or using state assets for something. Similarly, in the post-Soviet times in Armenia as well: state budget abuse and manipulation with state budget became one of the main ways of setting up corruption schemes.**

For instance, in book publishing: the state allocates some money for publishing books; and the print house or the organization, the publishing house, the organization which is in charge; instead of publishing, say, I don't know, 5000 copies, publishes 2000 copies, which is the state's requirement, if state's money is used. The rest is not published. These 1000 copies are distributed among the libraries, and any other place where it has to be, the rest of the money is appropriated,

the writer is happy, at least because his or her book has some kind of a print run, and the state is happy, because it seems to it that everything is fine, here are the books, and the print house is also happy, because he or she got some money, maybe gave some to the writer, or whatever.

So, this kind of schemes became wide spread. **Of course, a lot of it is connected with tenders, to do tenders in the wrong way, to set up competitions for state funding in the wrong way.**

**And this is interesting also in the sense that these rules have been set up very much under the influence of the international community, which is requiring for the state to tackle corruption. But they are very, in a very sophisticated way, being abused, so that tenders, state tenders are always, or most of the times, are questionable and we know many, many scandals around this, unfortunately not usually ending up in criminal prosecution.**

**But, for instance, the removal of the buildings, old, good, nice buildings in the center of Yerevan; when suddenly a company appears, which has a right to remove that building; and when you look at the papers it turns out there has been a tender declared; and this company as if won; so there is as if a board, which decided on that, and there has been as if a people's public consultation on that tender results afterwards; something like that. And this all is happening just like that, (it's done) and nobody has seen how did this happen.**

Again, offering... you know, how can tenders be manipulated: offering lower than market prices to get it, etc. This is one of the major ways of corruption: it's **milking the state budget.**

The other way of corruption... This (the use of state budget) is the most obvious one, and it is very much coming to the... it's like, it's hard corruption, it's financial, as a result of it you get funding very much directly, and it is aimed at funding.

**The least obvious one is the 'mental corruption', what I call 'mental corruption', which is: designing projects, or activities, or structures, or institutions in the ways worse than could be otherwise, without even realizing it, because of your lack of education, understanding, desire to input serious thinking into that, etc.**

And in between you have many other types of corruption moving from this one (milking the state) to this ('mental corruption'). This (mental corruption) just makes the work ineffective. So many Armenian institutions are designed in a way which is worse than it could have been. Of course, you have also this case (*pointing 'university' on the whiteboard*) belonging to here ('mental corruption'), but with a different sign. Because in the case if we are talking about mental corruption which is a result of just lack of good education, lack of good understanding, that's one thing. But when we are talking about mental corruption of arguing that it is very important, it is a progress to have a new university law, whereas it is degradation, it is being done for consolidation of power, there is a negative intent into that.

So, mental corruption can take many different ways and one of its very obvious ways is the negative intent.

We can speak about that also in connection with [the recent constitutional changes](#). Because it has been a long conversation, since the beginning of Armenia's independence, whether or not we want to have a parliamentary system or presidential system. And suddenly the ruling party went to a parliamentary system, at the point in time which was not very logical. Because beforehand they did everything to empty the space for other ideas. So they use this mental corruption to the fullest, to make most of the parties helpless in terms of producing new ideas, doable ideas, interesting ideas, getting people's attention. They did a lot of elections which were extremely bad in terms of freedom and fairness. And after this field was emptied, and the Karabakh war was not resolved, and there is a crisis from every perspective, they suddenly go for a parliamentary system saying that it is more, like, you know, a council is better than one person. Which is indeed true, theoretically speaking, and I myself have always been in favor of the parliamentary system. It is slower, but it is more consultation. **But in the current Armenian circumstances this is just a way to rework the 'rhizome' that exists to make it even more ever expanding, to include more groups of the population in the rhizome which were not included beforehand.**

So, this is... I remind of this '[rhizome](#)'<sup>1</sup> word that we talked about in the previous sessions.

Okay.

So another element was the misappropriation of international development funds, which was done again in two or three ways. And the most obvious way is, of course, taking all these, you know, traditions of corruption: nepotism, lack of competition, ways of presenting a façade situation, like 'the papers are there but in fact the work is not being done and the money is appropriated'. Using all these means towards funding which was coming from the international development, combined with mental corruption. So designing projects, which are worse than they could have been, working in the way which kind of, on the façade, shows as if everything was done according to the rules, but in fact it wasn't done according to the rules; and not producing any results. Appropriating funding with no results. This is very interesting, because this requires certain sophistication and very good knowledge of international funding.

And by the way, when I am talking about this type of corruption, connected with international development, by no means I want to emphasize the role of NGOs. I want to emphasize first of all the role of state structures, which were the main recipient of international donorship from the very beginning. As well as the structures which come close to the state structures like, you know, the foundations which are set up particularly for this purpose to appropriate the international funding, the 'project implementation units', and this kind of structures. As well as, of course, in some cases the corruption which was taking place inside the international development

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<sup>1</sup> [Armenia 3.0 Understanding Armenia, 20th Century. Part 1 \(Jam Session\), Pages 4-8](#)



institutions which were present in Armenia, and in some cases we even know that there have been some criminal cases over the years. Because by the end of the day international development institutions are more... there is no impunity in the West. It may be delayed, it may be too late, but there is no impunity, as different from our society, where there is an impunity. I remember the case which is connected to somebody who was working with the US international development institution. Somebody was prosecuted 10 or 15 years after he committed the crimes while he was in Armenia. He had left, he was living in the States, somewhere in California, if I am not mistaken, and suddenly he was taken, arrested, prosecuted and put in jail. So, by the end of the day, the system there works, maybe not in a perfect way, but it does work.

However, what we have in Armenia, unfortunately, it is for about 90 percent cases where impunity rules, impunity governs. And even if some people get prosecuted, usually it is not the main perpetrators, the organizers of the rings, but it is some lower level implementers.

So, this façade reality, the capacity to build a façade reality, Armenians are good at. You know, because rhetorically they are out spoken, they are rhetorically well advanced. Just like in the situation of the Karabakh as a side of negotiations it was requiring very significant, very significant capacity to think analytically and in different directions simultaneously, in a positive way. Similarly in the situation of corruption it requires to think analytically, be able to argue on the façade that ‘Look how great work we have done, what a great work, job we have done’, and behind it to live in a second reality while appropriating the available funds.

They are very knowledgeable about the international development, because people, internationals rotate. Institutional memory very often does not get fixed in this or that institution. The new leadership comes, or the new group of international people come and they start anew. They don’t know the country, they don’t know the shrewdness of the population here, they get into this kind of clash with the values, don’t even realize it. When they leave, new people come and they say, “Oh, this wasn’t done well, so let’s try it again”. Or they come and say, “Let’s do this, this has never been done”, whereas it has been done several times.

I don’t know, it can be anything from road construction, hard infrastructural projects to, you know, gender workshops, or things like that. In the entire spectrum of international development this façade reality is very obvious. When we are talking about road construction, just one minor example: we all know that the asphalt in most of Armenia is being repaired instead of being put anew every year after the winter (it is going to happen now again). And it is put in such a low layer, with such a low layer so that it is gone during the next winter, so that it can be put again.

So, this is, you know, not even a large scale corruption, but petty corruption: ‘let’s provide jobs and some money to the asphalt makers’. And the head of that unit of the asphalt makers is, of course, appropriating a lot of money, because he (mostly it is he) takes money as if to put asphalt in a serious way, and then next year it is in a bad condition again. If you look at the places where it is good asphalt put you can see that for many years it stays more or less intact, and then it starts

deteriorating if it is not replaced. Right? So this was probably the strength of not only Armenia, post-Soviet Armenia, but many other post-Soviet countries, where corruption can be, a textbook of corruption can be developed on the all of the possible different ways that it works.

Anybody wants to make any comment? Please, Ani.

**Ani Tovmasyan (AT)** – I would like to add or comment that, in my opinion, this kind of problems mainly arise from the reason that Armenia didn't have statehood for a long time, and we also lack some kind of positive nationalism in our country. Not the nationalism that is interpreted in nowadays Armenia via the ruling party, but the nationalism that people associate with their success and the success of their state. And in this case, if you don't associate yourself with the state and its opportunities for development, you find the ways of milking the state budget and some kind of squeezing the potential of this country and leaving it alone.

**GTG** – Yes, I think I would add here as a positive... I mean, these (types of corruption) happen to be drawn in this side, where the positive stuff is written; because there is a certain positivism in this, because there is a lot of creativity in this. In that respect. So, creativity goes here. The negative element, and one of the reasons for this situation, is the fact that Armenia became independent in the times of a very big economic crisis, war, and so its salary system was set up such that people in the state positions, in the public administration positions, don't get enough funding to survive, from the beginning of the statehood until today, and from the, you know lowest level of a state employee to the highest level of state employee.

One cannot survive in today's Armenia in a decent way for 200 dollars a month. One needs a network support, and if one is a bread winner for the family then it's going to be leading to extreme poverty. So, **as long as any state employee receives fewer funds than it is needed for more or less decent survival, for a full time job, no reform will lead to a serious result.** It is just impossible to imagine.

**The first reform that should happen is the reform of the state system. So that people are receiving enough funding for the job that they are doing. So there are less people receiving more funding. You need the next element into that. So if we start drawing the kind of the reform perspective here: it's the state system reform: wages. And it's interconnected with it: rights for small and medium entrepreneurship. Because those who are ousted from here (the state system), because the wages become higher, so there is less people working here, - they have nothing to do; so you need training programs, you need education for them. And then you need a very good system of encouraging small and medium enterprises, for them to go in the private sphere.**

**This is one of the ways of imagining the real and serious perspective for making reforms in Armenia.**

Now, I also want to come to, I think I didn't mention one very important element here, which concerns a lot of Diaspora people who have faced that. When investment comes. And it's even higher than this (on the scale of corruption it is above state milking). Because it is... what is it called. Probably in the scientific language or terminology it is called rent-seeking or something like that. This is actually the **blackmail of an investor**. So I know, since the times of the very first Armenian government, stories about the fact that Diaspora and other foreign investors would come in, start investing, having very clear prospects, make official agreement with the state on paper that 'this is the arrangement: we invest and we pay taxes, etc., and we will have this business going'... And then a state official asks them for a payment, for a down payment, to his own pocket, of course, and they just go away. It may be a state official, it may be a relative of a state official, we know all these stories, today they are even more rampant than they were before. But these stories started to take place from the very, almost first day of independence of the Republic of Armenia. I just don't want to give concrete examples, because this is actually criminal cases, which I don't have proofs apart from the stories that I've heard from those who suffered it. So we just have to take into account that this exists (I don't know how to put it), the **blackmail of investors**, right? Something like that.

So, this is the picture of corruption (the left column). And to a certain extent this (the state reform) is the way of getting out of it<sup>2</sup>.

Shall we stop there? Probably yes. Thank you!

*Transcribed by Ani Babayan*

*Transcription completed on March 21, 2017*

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<sup>2</sup> EPF has addressed corruption issues in its many projects. There are materials on the conflict of interest among state employees; corruption perception in the population and among the businesspeople; plagiarism; and many other projects implemented over the years. Please write to [info-epf@epfound.am](mailto:info-epf@epfound.am) if any of these materials is to your interest. Very rich corruption research can be obtained also from [Transparency International Anticorruption Center](#).