FROM TER-PETROSIAN TO KOCHARIAN:
LEADERSHIP CHANGE IN ARMENIA

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I. Introduction

The forced resignation of Levon Ter-Petrosian as Armenia’s president on 3 February 1998 came as a shock to the western media. Portrayed as an introverted intellectual, a democrat, and certainly a moderate, Ter-Petrosian contrasted favorably with most leaders of other Soviet successor states. His resignation, which an Armenian deputy described as a “velvet coup” carried out by the president’s one-time colleagues, was also seen as a blow to Western hopes of settling the conflict between Armenia and Azerbaijan over Mountainous Karabagh.¹ Thus, a New York Times editorial stated that the event was “a disturbing development for peace and ethnic harmony in the Caucasus.” The resignation formalizes, it continued, “the increasing grip on power of an unsavory band of military and security officials.”² Little did it matter that those unsavory officials had been the main pillars of the Ter-Petrosian regime for many years and had kept him in power after the fraudulent presidential elections of 1996.³ A Los Angeles Times article entitled “Armenian Hard-Liners Consolidate Control” reinforced the main point implied by its title by asserting: “Those opposed to Karabakh compromise force out another moderate leader.”⁴ Among major American newspapers, only the Washington Post offered a more subtle interpretation of the events. On the one hand, it too claimed that Ter-Petrosian’s relatively dovish stand on the Karabagh conflict had been the main reason for his forced resignation, and it concluded that “his downfall has strengthened most of all a party of war veterans who show little inclination to compromise.”

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¹ The expression “velvet coup” appears in “…and Presidents Go,” The Economist, 7 February 1998, 54. The Nagorno Karabakh Autonomous Oblast (NKAO) was an enclave of approximately 1,700 square miles once situated in the Soviet Socialist Republic of Azerbaijan. As a result of the military advances of its Armenian forces in 1993, Mountainous Karabagh is territorially linked today with Armenia and has occupied parts of western and southwestern Azerbaijan. Its population having voted by 99 percent in favor of independence in a referendum organized on December 10, 1991, Karabakh itself the Republic of Artsakh, after the ancient and medieval Armenian name of this area, unrecognized by any state but in close cooperation with Armenia. In Russian, ‘nagorno’ means mountainous and oblast means district. ‘Karabakh’ is the transliteration for the Russian spelling of the Turkic name of this region, ‘Karabagh.’ As the Soviet Union is no longer controlling the region and as ‘Karabagh’ was used in both Azerbaijan and Armenian, this essay shall use this spelling.


But it was also more sober in its assessment of the former president, putting his powerlessness during the crisis leading to his downfall in context:

President Ter-Petrosian began as a democrat and gradually lost his way, manipulating voting results to retain power in his 1996 reelection bid. His fall this week shows that such abdications of democracy aren’t just wrong but have adverse practical consequences, too. Having lost his legitimacy, Mr. Ter-Petrosian had no way to beat back his opponents this week.  

Indeed, Ter-Petrosian’s resignation resulted from a deep crisis of legitimacy for his presidency, for the ruling party that he represented, for the Armenian Pan National Movement (APNM); and finally for the ideology and policies his party and government espoused. The president’s stand on the resolution of the Mountainous Karabagh conflict may have been a necessary condition for his resignation, but it was not sufficient. Moreover, Prime Minister Robert Kocharian, who contributed to his downfall and then replaced him as president, is, contrary to conventional wisdom in the West, hardly a strong, authoritarian leader who is totally in charge in Yerevan.  

Ter-Petrosian was elected president in 1991 on the basis of a four-point program: the development of a market economy; democratization; a realistic foreign policy unburdened by the weight of the past (particularly the legacy of the Armenian genocide and Armenia’s traditional dependence on Russia); and the resolution of the Karabagh conflict. The fate of this program may shed some light on that of the president himself. Indeed, what needs to be explained is not merely his resignation, but the fact that it occurred without any popular protest or even the shadow of resistance from the ruling party, which had been dominating the Armenian parliament for years.

II. Armenia’s Political Institutions

Ter-Petrosian’s powerlessness during the crisis and his forced resignation deserve particular attention because the Armenian constitution, adopted after a contested referendum on 5 July 1995, and the Armenian political system in general, are best characterized as

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6 The western media also propagated this misleading image of Kocharian. See, among others, the expression “Armenia’s new master” in *Agence France Presse*, “People in Focus: Robert Kocharian, New Master of Armenia,” Yerevan, 8 February 1998.
hyperpresidential. The seventeen sections of Art. 55 of the constitution provide the president with extensive powers, which reflect Armenia’s Soviet past and lack of established democratic traditions. The president appoints and dismisses the prime minister and, “at the proposal” of the latter, the members of the government (sec. 4). He can dissolve the National Assembly and designate special elections upon “consulting” with the National Assembly’s president and the prime minister (sec. 3). He appoints and removes the prosecutor general at the proposal of the prime minister (sec. 9). He appoints the members and the president of the constitutional court (sec. 10) and the judges of the court of appeals and its chambers, the courts of review, the tribunals of first instance, and other courts (sec. 11).7

Sec. 14 also allows the president to suspend constitutional rights under rather vague conditions: “In the event of an imminent danger threatening constitutional order, and upon consultation with the president of the National Assembly and the prime minister, [the president] takes measures warranted by the situation and makes an address to the people on that matter.” This section is tied to Art. 44, which allows the limitation of the extensive constitutional rights mentioned in Arts. 23-27 “only by law, if that is necessary for the protection of state and public security, public order, public health and morality, and the rights and freedoms, honor and good reputation of others.” Sec. 14 is likewise related to Art. 45, which states that “some human and civil rights and freedoms, with the exception of those mentioned under Arts. 17, 19, 20, 39, and 41-43 of the constitution, may be restricted temporarily as provided by law during martial law, or in cases prescribed under Sec. 14 of Art. 55 of the constitution.” Together, these provisions give the president a right to suspend or restrict civil liberties under poorly specified conditions.

In addition to these powers, the president is said to be “the guarantor of the independence of the judicial bodies” as he presides over the Justice (or Judicial) Council (Ardaradatuyan Khorhurd), the vice-presidents of which are the minister of justice and the prosecutor general (Art. 94). That council drafts annual lists of judges and prosecutors fit to be appointed or promoted at all levels of the judicial system, and it submits those lists to the president for approval. It may also subject any judge to disciplinary action and even

7 Article 99 of the constitution stipulates that “the Constitutional Court is composed of nine members, five of whom are nominated by the National Assembly, four by the President of the Republic.”
recommend his/her arrest (Art. 95, in particular Secs. 1-7). As appointment at all levels of the judiciary depends on the president, there is good reason for concern about judicial independence.

The highly centralized administrative structure of the country also increases the power of the central government in general and the president in particular. Art. 104 stipulates that “the administrative territorial units of the Republic of Armenia are the regions (marzer) and the communities (hamaynkner). Regions are made up of rural and urban communities.” At the local level, self-governing bodies are elected every three years that are made up of a council of “the elders of the community, with five to fifteen members, [and] the community leader, that is, a city mayor or a village head” (Art. 105). In the regions, however, state government prevails as “the government appoints and dismisses governors (marzpetner) who implement its territorial policies and coordinate the activity of the territorial services of the republican executive bodies” (Art. 107). Upon a governor’s recommendation, the government may remove a community leader “in cases envisioned by the law” (Art. 109). The city of Yerevan—the center of political, administrative, economic, and cultural life in Armenia and the demographic core of the country, with about one-third of Armenia’s population—received the status of a region. It is, however, the president who appoints and dismisses the mayor of Yerevan “upon the recommendation of the prime minister” (Art. 108). The constitution also makes clear that this broad framework for the territorial administration of Armenia would take effect once new legislation was adopted pertaining to territorial government and local self-government (Art. 115 and Art. 116, sec. 6). A subsequent law signed by the president on 4 December 1995 centralized the territorial administration of Armenia by replacing the pre-existing thirty-seven administrative districts with ten regions and Yerevan.

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The power of the presidency is amplified by the large number of registered political parties in Armenia, the number of which has fluctuated between four dozen to six dozen. There were fifty-two political parties by May 1996, only six or seven of which had any significant impact on political life at the national level. Two years later, a survey of Armenia stated that whereas “forty-nine political parties had been registered since 1990,” twenty-one to twenty-five were still active to some degree. By the summer of 1998, a reliable source refers to sixty-nine parties. The overwhelming majority of these parties share a number of characteristics: limited geographic scope, ideological fuzziness, and weak institutionalization. These are essentially personalistic organizations, instruments for the ambitions of a more or less well-known individual and his clientele. One collective study aptly captured the main features of Armenia’s party system:

The formation of political groups and alliances in present-day Armenia does not follow or reflect the interests of existing social strata: It rather centers on certain political figures, acquiring a clannish nature. The prevalence of patron-client relationships in society might encourage the formation of petty economic and political elites along the lines of the redistribution of wealth.

It is against this institutional backdrop, characterized by a very strong presidency, a judiciary under the influence of the executive branch, a weak legislature, and an atomized, personalistic, and poorly institutionalized party system, that one must set the underlying causes for Ter-Petrosian’s downfall.
III. The Underlying Causes of Ter-Petrosian’s Downfall

In Ter-Petrosian’s over seven years in power, Western policymakers and media failed to pay adequate attention to various factors that were undermining his regime. There were many reasons for this. The president was perceived as the best choice available from the perspective of Western interests. Armenia’s ruler also compared favorably with most of the other post-Soviet presidents. The problems, however, were no less real.

1. The economy

Armenia’s transition from a socialist command economy to what was supposed to be a Western-style market economy had been a catastrophe. To be sure, circumstances did not help. The earthquake that struck the northwestern and northern parts of the country on 7 December 1988 killed at least 23,700 inhabitants, left about 514,000 homeless, and brought to a halt about twenty-five percent of Armenia’s economy. What the ecological protests that had accompanied the calls for Karabagh’s unification with Armenia could not achieve, the earthquake did. As a precaution against a new earthquake of similar magnitude, it was decided in February 1989 to shut down the Medzamor nuclear power plant (NPP) located outside Yerevan. The plant produced about thirty-six percent of Armenia’s electricity. Then, at the beginning of summer 1989, the Azerbaijan Popular Front, the umbrella group spearheading the opposition to the Communist regime in Azerbaijan, organized a blockade of Armenia and Mountainous Karabagh. The blockade had a significant negative impact on

Armenia’s already fragile economy, for Armenia imported approximately eighty percent of its fuel supplies from the USSR, eighty-two percent of which was produced in Azerbaijan. In addition, Azerbaijan cut off deliveries of oil and gas from Russia (then the Russian Socialist Federal Soviet Republic) and Kazakhstan.\footnote{John Tedstrom, “Armenia: An Energy Profile,” Report on the USSR 3, 8 (22 February 1991): 19-20.} The impact of the blockade was aggravated when the Turkish government decided to blockade transit across its Armenian border.

Yet another blow to the Armenian economy at the beginning of the 1990s was the breakdown of trade among the USSR’s fifteen union republics as well as trade between the union republics and the countries of COMECON (the Soviet dominated trading bloc that included most of the countries of East Europe as well as the USSR). By 1992, the Armenian economy had lost most of its inputs and markets.\footnote{The COMECON refers to the Council for Mutual Economic Assistance.} Finally, while the expanding civil strife in Georgia in 1992-93 led to the disruption of transit routes vital to Armenia, the recurring explosions of the natural gas pipeline crossing the Georgian district of Marneuli, an Azerbaijani-inhabited area, further worsened Armenia’s energy crisis.\footnote{For an overview of the situation in Georgia during those years, see the excerpts of Stephen Jones’s and Zourab Labakhoua’s articles in Claire Mouradian, ed., Le Caucase des indépendances: La nouvelle donne, Problèmes politiques et sociaux, no. 718 (Série russe, no. 117) (Paris: La Documentation française, 31 December 1993), 26-32.} As result of all these factors, GDP collapsed.

It was in this unenviable context that in 1992 Prime Minister Hrand Bagratian adopted a radical program of economic reform to rapidly marketize the Armenian economy. Trade and price liberalization, however, was followed by rapid inflation. The Russian central bank embarked on a monetary reform on 26 July 1993, withdrawing all rubles printed prior to 1992 from circulation, Armenia was immediately flooded with new rubles, and inflation accelerated sharply from July 1993. Because the conditions set by Russia for joining the ruble zone were tantamount to abandoning sovereignty, Armenia introduced a national currency, the dram, at 14.3 per U.S. dollar on 22 November 1993.\footnote{On this issue, see the excerpt of Armen Khanbabian’s article, in Mouradian, 24-25.} By the end of
1994, the dram had fallen to 405.4 per U.S. dollar.\(^9\) Life for most Armenians became unbearable:

Average real wages at the end of 1993 had fallen to about six percent of their level two years earlier. In June 1994 the average wage in the state sector stood at about $2 a month—equivalent to one kilogram of meat—and $4 to $5 economy-wide; the average monthly pension was about $1.\(^{20}\)

To be sure, average monthly wages increased in the subsequent years, reaching $22.80 in 1996 and $30.80 in 1998.\(^{21}\) Yet, such a positive trend had only a marginal impact on Armenians’ well-being, for it was estimated that about eighty percent of the inhabitants of the capital and ninety percent of the rest of the country lived in extreme poverty, poverty, or significant deprivation in 1996.\(^{22}\)

Some selected economic indicators for the years 1990 to 1998 aptly illustrate Armenia’s steep economic decline from 1991 to 1993 and the subsequent stabilization.

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<http://www.ebrd.org/english/opera/COUNTRY/country%20profiles.pdf/3983Armenia.pdf>, 11. Whenever the data provided by the Economist Intelligence Unit and the IMF on the one hand and the EBRD on the other hand vary by more than 1 percentage point, the second line of each row refers to the EBRD data.


Massive de-industrialization and the growing importance of petty trading and services were also a consequence of Armenia’s economic reforms. The sectional composition of net material product (NMP), a Soviet-era macroeconomic aggregate that excluded most services and depreciation, changed drastically from 1990 to 1994. The EBRD estimated that agriculture outstripped industry in 1993, at which point it accounted for fifty-five percent of NMP against industry’s share of thirty-two percent. Data from the IMF and Armenian authorities also indicated that by 1994 the share of agriculture in NMP had risen to forty-nine percent, while that of industry had decreased to thirty-six percent. More generally, “Armenia experienced the largest decline in industrial output among the states of the former Soviet Union (FSU)” between 1991 and 1993. By 1998, services exceeded industry as a share of GDP for the first time. Agriculture continued to constitute the largest component of GDP.

The informal, or second, economy also flourished in accordance with the expansion of petty trading and services. To be sure, the second economy had roots in the Soviet period, especially in the Brezhnev era, when Armenia was well known for its highly developed informal sector. Using two complementary methods to assess the size of the

23 NMP data since independence require caution, however. As the massive expansion of the informal sector, mostly in petty trading and services, remains unreported in official statistics, the overall level of economic activity tends to be understated while the share of traditional activities, such as industry and agriculture, is overstated.


26 International Monetary Fund, Armenia: Recent Economic Developments and Selected Issues, 6, 8.

27 In general, the informal economy is “a process of income-generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated.” See Manuel Castells and Alejandro Portes, “World Underneath: The Origins, Dynamics, and Effects of the Informal Economy,” in The Informal Economy: Studies in Advanced and Less Developed Countries, ed. Alejandro Portes, Manuel Castells, and Lauren A. Benton (Baltimore and London: The Johns Hopkins University Press, 1989), 12. In Soviet, and presumably post-Soviet, type of economy, the “second economy” is “the set of ‘productive’ activities which meet at least one of the two following tests: (1) they are directly on private account, whether conducted legally or illegally, and (2) they are to a significant extent in knowing contravention of the law.” See Gregory Grossman, “Informal Personal Incomes and Outlays of the Soviet Urban Population,” in Portes et al, endnote 2, 168.

shadow economy, the UNDP estimated it to be between 31.9 and 72.3 percent of GDP in 1994, the average estimate being 52.1 percent.\textsuperscript{29} By the end of December 1997, Artashes Tumanian, the head of the tax department in the Ministry of Finance and Economy, stated that the shadow economy comprised “fifty to seventy percent of all economic activities in Armenia.”\textsuperscript{30} Independent experts believe Tumanian’s upper estimate is the more plausible, amounting to sixty-five to seventy percent of actual GDP.

A senior official in the tax department sketched the nature of the problem several months later. He referred to a “whole chain of shadow trade,” whereby wholesale traders “refuse to present appropriate documents” when selling their goods to retailers, in turn forcing the latter to evade taxation.\textsuperscript{31} Indeed, most of the wholesale traders in Armenia earned their privileged, often monopolistic, positions through ties with powerful governmental figures during the first years of Ter-Petrosian’s regime.\textsuperscript{32}

Misery loves company, as the saying goes. The vicissitudes of the economy, combined with corrupt self-enrichment by some elements in the ruling elite and their cronies, had already dampened popular trust in the president and the APNM by 1995.\textsuperscript{33} Derogatory


\textsuperscript{30} Emil Danielyan, “Mixed Evaluations of Armenian Economy in 1997,” RFE/RL Armenia Report (12/29/97). Retrieved 29 December 1997 from listserve: <groong@usc.edu>. Unless otherwise stated, all RFE/RL reports mentioned hereafter were read on the Groong list.


\textsuperscript{32} The following quotations give an idea of the genesis of that social group. “Monopolistic practices are widespread, if rather more subtle than in 1992 and 1993, when gang warfare between competing factions seeking to dominate trading in gasoline, luxury goods, and other imports made shootouts in Yerevan a common occurrence. Insider dealing is a severe hindrance to competition.” (Freedom House. Nations in Transit 1998: Armenia, p.13.) Illegal activities pervade many trading sectors: “Other corrupt practices concern illegal importation of gasoline, diesel fuel, cigarettes, and various luxury goods and foodstuffs from Georgia and Iran. (Illegal refers to importers being permitted to evade payment of customs and excise duties in exchange for payoffs in cash or kind to government officials.”) (Nations in Transit 1998: Armenia, p.8.)

\textsuperscript{33} An opinion survey carried out by the United States Information Agency (USIA) in November 1994 indicated that 22 percent of the respondents had little confidence in the ruling party, while 53 percent had no confidence at all. See Dudwick, “Political Transformations in Postcommunist Armenia: Images and Realities,” 86. Disillusioned with the APNM that had embodied their hopes a few years earlier, Armenians sank into a pervasive mood of cynicism. A July 1995 sociological poll suggested that 62 percent of the population distrusted the government, 54 percent distrusted the president, and 42 percent distrusted anyone in political office. (Dudwick, 84-5).
jokes about Ter-Petrosian were already circulating in Yerevan even earlier.\textsuperscript{34} By the mid 1990s, the popular “L&M” cigarette brand came to be referred to as “\textit{Levone Merni}” (“May Levon Die”). The director of the British Helsinki Human Rights Group, who traveled regularly to Armenia in the 1990s, concluded that “Armenians had developed a passionate hatred for Ter-Petrosian during his eight years in power.”\textsuperscript{35} The growing stratum of nouveaux riches spawned by the mass privatization of medium- to large-size enterprises added insult to injury.\textsuperscript{36}

The privatization law signed by the president on 27 August 1992 provided for a process that was complex and varied with diverse categories of enterprises, a thorough description of which is beyond the scope of this essay.\textsuperscript{37} Overall, enterprises formerly owned by the state were sold through a number of schemes, such as free distribution of vouchers to their employees and to the Armenian population, closed and/or open share subscription, auction, bidding, and direct sale to employees and/or a lessee. The great majority of these enterprises were thus transformed into open or closed joint stock companies. Three stages can be sketched in the selling process. In the first, over three million vouchers were distributed to the population.\textsuperscript{38} The face value of each of these was set on 28 September 1994 at 10,000 Armenian drams (AMD), or approximately $25, and was raised to 20,000 AMD in March 1995 to make up for the effects of inflation. In addition, twenty percent of the book value of state-owned enterprises was given away free to employees (Art. 8.1). The


\textsuperscript{36} The first ten middle and large-scale enterprises were privatized by way of public distribution of vouchers in May 1995. See A. Kh. Markosian, “Petakan Gouyki Masnavoretsman Karavaroume Hayastani Hanrapetoutounoum” [The Management of State Property Privatization in the Republic of Armenia], in \textit{H.H. Tntesoutyan yev Dzernarkatiroutyan Zargatsman Ardi Khntirnere}, ed. T. Manaserian (Yerevan: Noyan Tapan, 1988), 81. By that point, the privatization of land, housing, and retail trade had been almost completed.

total value of the vouchers was supposed to represent at least thirty percent of the book value of the enterprises to be privatized. They were thus to constitute a legal means of payment for shares and had to be bought, in theory at least, at their face value (Art. 8). The goals of this first stage were to inject more than sixty billion AMD into the economy; to redistribute part of the property of the nation to the people as a whole; and to encourage enterprise employees to have an interest in the efficient management of their factories. In the second stage, employees were given the option of buying enterprises through a closed share subscription. In the final stage, all those companies not yet bought by their employees were sold, in most cases through open share subscription. 39

Mass privatization in Armenia was complicated by a number of factors. The business prospects of most medium- and large-size enterprises at the turn of 1995 were hardly inspiring. In a survey of fifty representative privatized enterprises from seven different economic sectors, the Center for Economic Policy Research and Analysis (CEPRA) estimated the level of capacity utilization in the industrial sector prior to privatization at “about fifteen percent” 40 Many enterprises made limited, if any, profit, and they would need deep restructuring to survive under market conditions. Their equipment was often obsolete; tax arrears and other debts were substantial; and information about their overall condition

38 Although 3.4 million vouchers were printed, fewer were distributed to the population between October 1994 and March 1995. The discrepancy may be due to Armenian emigrants, who did not collect their allotted vouchers.
39 For a concise description of the process of privatization through 1988, see Armand Sarian, Arménie (Paris: Les Editions du CFCE [Centre français du commerce extérieur], 1999), 62-65. Sarian, sometime economic advisor to the government of Armenia, is a French economist. See also UNDP, Human Development Report: Armenia 97 (Yerevan: UNDP, 1997), 36-7. Gevorg Pogosian was the national coordinator of that report. To understand the details of the process of privatization under Ter-Petrosian, one should refer in particular to Arts. 22 to 36 of the above-mentioned privatization law. See <http://www.gtz.de/lexinfosys/LexInfoSys/Arm/10/enterpnational/enterpnational_arm.htm>, 22-41.
40 CEPRA [Centre for Economic Policy Research and Analysis], “Mass Privatization of Enterprises in the Republic of Armenia: an Early Assessment” (Yerevan: March 1997), [p.2]. This draft of the final report is not paginated. The Center for Institutional Reform and the Informal Sector (IRIS), founded in 1990 by the late Mancur Olson (Distinguished Professor of Economics at the University of Maryland, College Park), established the Center for Economic Policy Research and Analysis in Yerevan in 1994 to provide technical assistance to the Government of Armenia through independent research into issues related to the development and maintenance of a market economy. It is a pleasure for me to thank Jennifer L. Munro, Director of Outreach and Information Services at IRIS, who went well beyond the call of duty to find this report and to send it to me.
was sometimes difficult, if not impossible, to obtain. Expected privatization prices may also have been too high in some cases.\textsuperscript{41}

Mass privatization thus did not yield the expected results. Managers, sometimes in collusion with other insiders, manipulated production and profits prior to privatization to reduce the value of their enterprises.\textsuperscript{42} Most Armenians sold their vouchers at 12.5 to 40 percent of their face value to make meager ends meet.\textsuperscript{43} By the end of 1997, “about sixty percent (around 6,000) of all small enterprises, and about sixty percent (1,250) of all medium and large enterprises, had been privatized.”\textsuperscript{44} By February 1998, when Levon Ter-Petrosian resigned, about 1,350 medium and large enterprises had been privatized: 1,036 through open share subscription, 123 through closed share subscription, 144 through sale to the lessee, forty-four through auction, and only three through international tender.\textsuperscript{45} A report estimated that by the end of 1997, only seven percent of the population participated in the privatization process as shareholders.\textsuperscript{46} The ministry of privatization gives a precise figure for the number of shareholders of medium and large enterprises as of 2 November 1998: 143,000 citizens—that is, about 4.5 percent of the population that received vouchers.\textsuperscript{47} The concentration of wealth was greater, however, than these figures suggest. One economist has pointed out that 2.5 percent of shareholders control sixty percent of the shares of 713 companies privatized through open share subscription.\textsuperscript{48}

\textsuperscript{41} Giraïr Achdjian, “Transition économique des années 1990,” \textit{Les cahiers de l’Orient} 57 (2000): 117. While highly professional, his article leaves aside the more unpalatable aspects of that process.
\textsuperscript{44} International Monetary Fund, \textit{Armenia: Recent Economic Developments and Selected Issues}, 22 and 77. The percentage of small enterprises privatized by the end of 1997 as cited by the IMF is an underestimate. In fact, over 90 percent of small state enterprises had been privatized by that time according to the Minister of Privatization Pavel Ghalakhchian. See Danielyan, “Mixed Evaluations of Armenian Economy in 1997.”
\textsuperscript{45} Sarian, \textit{Arménie}, 64-5. There is a mistake on p. 65, closed share subscription (“souscription fermée”) having been printed instead of open share subscription (“souscription ouverte”), and vice versa.
\textsuperscript{46} Human Development Report: Armenia 97, 36.
The above-mentioned CEPRA survey aptly captures the impact of privatization through the end of 1997:

About eight percent of enterprises are owned and controlled by their former directors, who automatically became executive directors and chairmen of the board of the newly privatized enterprises. Although experienced in manufacturing, they do not have sufficient knowledge in management and strategic thinking.

The majority of surveyed enterprises are not being reconstructed. Among the reasons mentioned were the poorly developed institutional infrastructure and an unclearly formulated legal framework.

Low liquidity and huge arrears of enterprises, caused by lack of markets and ignorance in marketing, is a large problem. The utilization of production capacity in the sample for large enterprises was less than ten percent, while it was 20-30 percent in small and medium enterprises.

Downsizing by more than forty percent and low salaries (the average salary was $30). There is a low level of accounting and auditing services. In many cases, tax records were the only available accounting documentation. 49

Revenues generated by privatization were somewhat lower than what the Armenian state apparently expected. Approximately fifty-five percent of Armenia’s industrial infrastructure, almost all of the enterprises sold until the end of 1997, was privatized for $800,000. 50 A 1998 Freedom House report, the data of which are likely to be approximate, puts state revenues from privatization around the end of 1997 at 342 million drams (about $700,000), “against projections of 3.5 billion dram [sic] ($700,000,000).” 51 Thus, revenues amounted to one thousandth of the projections. Indeed, the minister of privatization, Pavel Ghaltakhchian, asserted that in 1997 privatization of state property had generated 50.4 million drams (about $102,000), or 0.3 percent of the payments envisioned for 1997. 52

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51 Freedom House. Nations in Transit 1998: Armenia, 10. Neither the sources on which these figures are based, nor the date by which the state had raised such revenues is given.

As it turned out, fully operating enterprises with established markets were sold for a few hundred dollars, which accounts for the disparity between projected and actual income. By the end of 1997, Ghalakhchian conceded that most privatized enterprises had not yet become successful businesses, while the minister of industry and trade, Garnik Nanagulian, stated that “privatization has not helped industry yet.” The government therefore reconsidered its approach, adopting auction privatization in cash for the remaining large enterprises. The new “Law of the Republic of Armenia on Privatization of State Property,” enacted by the National Assembly on 17 December 1997, reflected this “transition from mass privatization to programmed privatization,” as Ghalakhchian put it. Whereas the proceeds from mass privatization in 1997 amounted to 50.4 million drams, those from programmed privatization in 1998 amounted to 43836.6 million drams, generating 90.2 percent of the expected payments. “Programmed privatization” worked better, it seems.

A number of conclusions can be drawn from Armenia’s experience with privatization. First, “national wealth was swiftly and in great disproportion redistributed to the benefit of the rich strata of the population.” Second, new owners who had bought these enterprises for close to nothing had no obligation to invest in them. Nor did they have any interest in investing in new equipment or upgrading or modernizing their facilities, by cooperating, for example, with foreign partners. Instead, they sold whatever assets they could from their enterprises, including machinery, at the price of metal scrap in Iran or other countries. One observer has sketched the “entrepreneurial” activities of these new capitalists with bitter irony:

Fledgling capitalists appear to be running extractive industries, strip-mining the old Soviet infrastructure, exhausting inputs, selling off inventories, and then closing shop

53 For instance, the cheese factory at Vardenis, with its buildings and machines, was sold for $400. See Hranoush Kharatian, Aghkatoutyoune yev Zhoghovrdavaroutyoune Hayastanoum [Poverty and Democracy in Armenia], (Yerevan: Institute for Democracy and Human Rights-IDHR-NGO, 2000), 12.
54 Danielyan, “Mixed Evaluations of Armenian Economy in 1997.”
56 Ghalakhchian, “Petakan Gouyki Masnavoretsem Kaghakakanoutyoune Hayastanoum,” 5.
to scrap the machinery. Visitors to Meghri may watch the Mercedes trucks with Iranian plates haul ton after ton of scrapped industrial infrastructure out of the country.  

Above all, privatization was undermined by favoritism and corruption. A report sponsored by the U.S.-Armenia Business and Investment Association (USABIA), an organization whose goal is to promote investment, trade, and business ties between the United States and Armenia, captures some of the problems:

Relationships between high-ranking government officials and the emerging private business sector is another phenomenon that encourages influence-peddling between officials and the private firms from which they benefit. Powerful officials at the federal, district, or local levels acquire direct, partial, or indirect control over emerging private firms. Such control may be exercised through a hidden partner position or through majority ownership of a prosperous private company. The involvement can also be indirect, e.g., through close relatives and friends.

That Ter-Petrosian’s brothers, Telman and Petros, as well as his closest and most powerful ministers were tainted by large-scale corruption and profiteering did much to tarnish the president’s image in the minds of most Armenians. As many of the new rich were happy to display their acquired wealth, popular distrust and disgust toward the regime became pervasive. Reflecting on “what went wrong in Russia,” a scholar who has written extensively on transitions in post-communist societies—presumably to democracy and market economies—has argued that “[Russia’s] privatization is probably responsible, more than any other single factor, for the evaporation of democracy’s legitimacy there.” Much the same could be said of privatization in Armenia, although Armenia’s fraudulent presidential elections of 1996 helped to de-legitimize Ter-Petrosian’s regime as well. David Petrosyan, a columnist for the Noyan Tapan news agency and a thoughtful observer of Armenia’s political life, has described the relationship between the new Armenian oligarchs and the parliamentary deputies elected on 5 July 1995 as follows:

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59 Melkoni [Melkonian], “Betrayed Promises of the Karabagh Movement: A Balance Sheet,” 10. Meghri is the main Armenian city near the Armenian-Iranian border.
By the mid-90s, the leaders of the main oligarchic structures of Armenia were: now late Thaelmann Ter-Petrosyan (the brother of the first president of Armenia), who controlled manufacturers and industrialists, the construction business, part of the local market in oil products, part of the incomes generated from transport junctions, and who was a kind of umpire in inter-oligarchic disputes; Vano Siradeghyan (interior minister), who controlled part of the local market in oil products, part of the incomes generated from transport junctions, the greater part of the food market, the smaller part of bread production, and the woodwork and timber industry; Vazgen Sargsyan (defense minister), who controlled part of the local market in oil products, part of the incomes generated from transport junctions and the greater part of bread production.

Respectively, the mentioned oligarchs had strong lobbyist groups in the 190-seat parliament elected in 1995. Among them were: the “Reforms” parliamentary group (over 50 mandates) led by Thaelmann Ter-Petrosyan personally; “Timber Lobby” (23 mandates) dominated by Vano Siradeghyan; “Grain Lobby” (25 mandates) controlled by Vazgen Sargsyan.

2. Ideological factors

Before taking power, the ideologists of the APNM had already propounded a new approach to Armenia’s national security based on a critical reinterpretation of the Armenian past, especially the period from the seventeenth century onwards. Theirs was a vision akin to the opening sentence of one of L.P. Hartley’s novels: “The past is a foreign country: they do things differently there.” The Party’s intellectuals argued that the leaders of the new Armenian state should take a different approach than that adopted by previous Armenian leaders. Their main ideas were summed up in a series of essays that basically stated that Armenia had for too long relied on a “third force,” be that Russia or the West, to try to solve its problems. The title of one article referred to the past reliance on a “third force” as “Our

64 The main articles that defined this new approach appeared in a number of newspapers, particularly Hayk, the official organ of the Armenian Pan-National Movement. These articles were subsequently collected and republished in 1990-91. See A[shot] Bleyan, ed. Vorn e MerChanaparhe [Which is Our Path?] (Yerevan: Arevik, 1990); Rafayel Ishkhanian, Yerrort Ouzhi Batsarman Orenke: Hodvatsner [The Law of Exclusion of the Third Force: Articles] (Yerevan: Azad Khosk, 1991); and Ktrich Sardarian, Patmoutyoun yev Irakanoutyoune [History and the Truth] (Yerevan: Parberakan, 1991). Ishkhanian, Sardarian, Vazgen Manoukian (the first prime minister under Ter-Petrosian, until he fell out with him and resigned in July 1992), and to a lesser extent Bleyan were the main ideologists of the movement. Some of these articles were translated into English, see Gérard J. Libaridian, Armenia at the Crossroads: Democracy and Nationhood in the Post-Soviet Era (Watertown, Massachusetts: Blue Crane Books, 1991).
66 The most famous article in this regard is Rafayel Ishkhanian’s “Yerrort Ouzhi Batsarman Orenke.” It is reproduced in Bleyan, 93-115 and Ishkhanian, 49-73.
Three-Hundred-Year-Old Mistake."

This had led to catastrophe, the argument went, especially during the period of the first independent Republic of Armenia (28 May 1918-2 December 1920), which had been governed by members of the nationalistic Armenian Revolutionary Federation (ARF), or Dashnaktsutiun.

The key principle of the APNM that emerged from this reasoning was summed up by one of these ideologists: “The steps of the Armenian people must be proportionate to the degree of our strength.” The time had come to face reality and deal directly with all of Armenia’s neighbors, in particular Turkey. Independence from the Soviet Union and the consolidation of Armenian democracy were pre-conditions for putting their geostrategic vision into effect. They also argued in the late Soviet period that the best path to independence was a constitutional one, which meant adhering to the terms of the then newly adopted USSR law on secession. Thus, they advocated reducing tensions with Moscow, thereby depriving the latter of any pretext for taking drastic steps against Armenia, including military intervention.

In its early period, the discourse of the APNM was suffused with anti-imperialistic feelings. The feelings were directed at the policies not only of the Russian imperial and Soviet states but the West as well. Rafayel Ishkhanian, for instance, suggested that the Russian army could easily have conquered “the whole of western Armenia” after defeating the Ottoman army at the battle of Sarikamish (end December 1914-early January 1915) but chose not to do so. Instead, it deliberately waited for the massacres to be completed and for western Armenia to be emptied of its Armenia population (Van excepted) before conquering the region. Even in Van, he contends, the Russian army forced the Armenian population to withdraw to Russia, thus driving out the only remnants of the region’s Armenian population.

Similarly, in an article published shortly after the pogroms against the

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67 Rafayel Ishkhanian, “Mer 300 Tarvay Skhale” [Our Three-Hundred-Year-Old Mistake], in Ishkanian, 128-135.
68 Rafayel Ishkhanian, “Mahvan Chanaparhe yev Kyanki Chanaparhe” [The Path of Death and the Path of Life], Hayk, 28 January 1990, 3.
70 Rafayel Ishkhanian, “Mets Yegherni Dasere” [The Lessons of the Great Genocide], in Ishkanian, 45-46. The accuracy of these arguments, or lack thereof, is beyond the scope of this essay.
Armenian population of Baku in mid-January 1990, Ter-Petrosian argued that these events had destroyed the “illusion” that the USSR ensured the security of the Armenians.71

The West, too, came in for heavy criticism for its past failures to support Armenia in moments of crisis. Ktrich Sardarian pointed to the false promises made by the West during the period of the first Armenian republic, and he criticized the naivete and incompetence of its Dashnaktsakan leaders. Instead of assessing their limited strength, drawing the right conclusions from it, and establishing direct relations with the Kemalist Turks, they ineptly expected the European powers to help Armenia, particularly after the signing of the Treaty of Sèvres on 10 August 1920. The result of such blindness was further territorial loss, particularly the inclusion of Mountainous Karabagh and Nakhichevan into the Azerbaijani Republic.72 The new ruling party, the APNM, would not entertain such illusions. Its policies would be realistic and pragmatic, and as Levon Ter-Petrosian stated in an interview shortly before the elections to the Armenian Supreme Soviet (20 May 1990), its main objective would be the union of Mountainous Karabagh with Armenia.73

The best that realism and pragmatism could offer—direct and normal relations with Turkey—had first to confront the touchy issue of the Armenian genocide and its consequences. It also had to deal with the fact that Armenians no longer lived on some eighty-five percent of their historic homeland for the first time in twenty-six centuries of Armenian history. The ideologists of the APNM argued that, for the sake of independence and state building, the Armenian genocide should be left off Armenia’s political agenda. As Rafayel Ishkhanian put it: “In general, it is purposeless to ask various states or the United Nations for the recognition of the genocide of the Armenians. Let’s say that all states and the United Nations were to recognize that they slaughtered us; what then?”74 The issue of the genocide gave rise to the longest and most heated debate when the Supreme Soviet of

73 “‘Haratch’ i Tesaktsoutiune Levon Ter-Petrosiani het” [Haratch’s Interview with Levon Ter-Petrosian], Hayk, 15 April 1990, 3. Haratch is an Armenian newspaper published in Paris.
74 Rafayel Ishkhanian, “Yerrort Ouzhi Batsarman Orenke,” in Ishkhanian, 68.
Armenia discussed the text of the soon to be promulgated “Declaration on the Independence of Armenia” (23 August 1990). Ter-Petrosian, at that time president of the Supreme Soviet, argued against including a clause about the genocide because doing so would be wrong from both a political and a diplomatic viewpoint. A majority of deputies, however, did not agree with him. One hundred and thirty-one voted in favor of including a paragraph to the effect that the Republic of Armenia would support efforts to achieve international recognition of the Armenian genocide; only twenty-five voted against. To Rafayel Ishkhanian, “Armenian simplistic emotional elements [had] once more prevailed over rationality.”

The position of the APNM did not reflect the sensibilities and views of the broad spectrum of organizations that voted for the inclusion of such a paragraph. These included the Armenian Communist Party (ACP) and the two main parties of the diaspora, the nationalistic ARF and the bourgeois conservative Armenian Democratic Liberal Organization (ADL). Indeed, these organizations wanted the lost lands of “western Armenia” to be mentioned in the declaration as well. Edmond Azadian, a leader of the ADL, speaking on behalf of his organization in his address to the legislature on 20 August 1990, put the point as follows:

We have always maintained that the territory of this Republic of Armenia is the nucleus of tomorrow’s Greater Armenia. In this respect, we expect the newly formed government to commit itself to the restoration of our historic rights. More specifically, the new Republic must include in its on-going agenda the recognition of the Armenian genocide and our historic territorial claims by the international community. But the ways, means, and the opportune time to pursue those goals must be left to the best judgment of our far-sighted leader [i.e. Ter-Petrosian].

Once the “Declaration on the Independence of Armenia” was adopted, Ter-Petrosian and his party came under virulent attack for having abandoned Hay Tad (The Armenian Cause), a concept that encompasses both genocide recognition and territorial claims. The ACP led the charge. Vladimir Darbinian, a member of the ACP Central Committee, argued

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75 Rafayel Ishkhanian, “Patmakan Iradardzoutioun” [Historic Event], in Ishkhanian, 136-37. By that time, 195 seats had been filled out of 259. It is unclear how many deputies were present when that issue was discussed. On 23 August 1990, 187 deputies were present.

76 Rafayel Ishkhanian, “Patmakan Iradardzoutioun” [Historic Event], in Ishkhanian, 136.

in February 1991 that the APNM had promised to support *Hay Tad* but, “having come to power, it is now gradually ceding its position.” In another article, he complained:

> These gentlemen have proclaimed that international recognition of the 1915 genocide, the territorial claims, [and] *Hay Tad* [collectively] constitute an ideology that can become state policy only when the possibility arises of resolving the Armenian question.\(^78\)

While there was an obvious political motive behind the ACP’s criticism of the movement that had just won a parliamentary majority, the ACP was also pointing to a genuine shift in the position of the APNM. The program upon which the APNM had been founded, and thanks to which it had won popular support in the recent elections, left little doubt about its position with regard to the genocide and territorial claims. Three of the thirteen articles devoted to the goals of the APNM pertained to the Armenian genocide. Art. 6 stated that the APNM would strive to make the supreme soviets of the Armenian SSR and the USSR recognize the Armenian genocide, and it demanded that the United Nations do so as well. Art. 7 recommended that 24 April be proclaimed a Day of Remembrance for the victims of the Armenian genocide and a national holiday in the republic. Art. 8 stated that the APNM would “constantly put forward the demand for reunification of those territories that were historically part of Armenia and are recognized in international documents as being Armenian.” It added, however, that “the realization of that demand is possible only through the application of such a national policy as is based on the ideological principles of our movement.”\(^79\)

The ACP was not alone in finding the “Declaration on the Independence of Armenia” flawed, despite the fact that on the issue of the genocide Ter-Petrosian had been defeated. Usually supportive of the new government, the ADL complained that the declaration did not mention territorial claims resulting from the massacres and deportations.\(^80\) Most members of

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\(^80\) See footnote 4 in Libaridian, 110.
the Dashnaktsutiun, for their part, felt vindicated in their deep suspicion about, and visceral dislike of, the APNM.

In addition, it appears that the shift in the position of the APNM may not have reflected the feelings of its popular base. On 24 April 1965, at a time when large-scale street demonstrations were almost unheard of in the USSR, more than 100,000 Armenians had taken to the streets to commemorate the fiftieth anniversary of the Armenian genocide and to make demands on Armenian authorities that they commemorate it some fashion. The Azerbaijani pogroms against the Armenians of Sumgayit on 27 February 1988, the pogroms of Kirovabad (currently Ganja) on 21 November 1988, and the pogroms of Baku from 13 to 18 January 1990 had been met by widespread revulsion in Armenia, mobilizing the Armenian masses first around the Karabagh Committee and then the APNM. The pogroms in Azerbaijan also exacerbated the memories of the Armenian genocide that had already figured prominently in the popular discourse of the Karabagh mass demonstrations staged in Yerevan from February 1988 on. An Armenian anthropologist who collected some 1,000 individual placards displayed by Armenian protesters during the 1988-1990 demonstrations has shown that by far the single most frequent theme was the Armenian genocide—there were 315 placards devoted to the genocide. The union of Karabagh with Armenia came a distant second with only sixty placards. Many of the placards devoted to the genocide also touched upon the Sumgayit pogroms and the fact that they had remained essentially unpunished. In an interview with the prominent linguist, Souren Zolian, who was part of the inner circle of the Karabagh Committee during those years, an Israeli-American journalist concluded the following in regard to the centrality of the genocide in the Armenian psyche:

Zolian, more self-critical than most of his comrades-in-arms, acknowledges that Karabakh was elevated into a cause célèbre by default. The Armenians needed a current grievance that would evoke the ultimate past grievance, the 1915 genocide. They remembered, Zolian said, that back in 1965, the anniversary of 1915 brought Armenians to the streets in a spontaneous display of national fervor. (Moscow was unhappy but uncharacteristically tolerant.) “Karabakh was initially an abstract notion,” Zolian recalled. “People said ‘Karabakh,’ but what they really meant was ‘genocide.’”

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81 Haroutioun Maroutian, “Hay Poezian Vorpes Inknoutyan Patkeragroutyoun (est Kharabaghyan sharzhan tseghaspanoutyane nvrvats tsoutsapastarneri)” [Armenian Poetry as Representation of Identity (according to the placards of the Karabagh movement devoted to the genocide)], p.2 (typewritten, still unpublished paper). Maroutian states that these placards touched upon 20 themes.
Karabakh had the right mix to become a grievance: it was an isolated Armenian community, separated from the rest of the nation, at the mercy of “Turks” (as the Armenians often refer to the Azeris), unarmed.  

This journalist goes on to refer to the pogroms in Sumgayit, the devastating earthquake of December 1988, the massacres in Baku, and the arrival of 300,000 Armenian refugees from Azerbaijan, concluding:

Karabakh was abstract no more. The defense of its 150,000 Armenians against “a second Sumgait” became a supreme national priority, to the detriment of almost everything else.

The “southern” (Turkish) orientation of Armenian foreign policy in the years 1990-1992 thus required that the “burdensome” matter of the genocide be relegated to the status of a secondary issue. Such was the view of Gérard Libaridian, who on 22 January 1991 was appointed by Ter-Petrosian as director of the newly formed Department of Research and Analysis attached to the presidium of the National Assembly. This was to be the starting-point of a remarkable political career for a diasporan Armenian who some two years earlier had worked for the Armenian Revolutionary Federation, which had been, and remained, completely opposed to Ter-Petrosian’s approach to the genocide and Armeo-Turkish relations. In his address to the Second Congress of the APNM in Yerevan on 25 November

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82 Yo’av Karny, *Highlanders: A Journey to the Caucasus in Quest of Memory* (New York: Farrar, Straus and Giroux, 2000), 389-90. Zolian, like many others, distanced himself from the APNM within a few years and turned into one its more serious critics in the mid 1990s. In particular, he struggled for the establishment of the rule of law in Armenia.

83 Karny, 392.

84 Once Armenia became independent, Gérard Libaridian served as advisor to the president until 1994, at which point he was appointed Senior Advisor and Secretary of the Security Council. From March 1993 to September 1994, he was concurrently the First Deputy Minister of Foreign Affairs. Throughout his years in Armenia but even more so during his tenure as Senior Advisor to the president, Libaridian played a leading role in the negotiations with Turkey and those regarding the Mountainous Karabagh conflict. He was also very influential in shaping Ter-Petrosian’s policy toward the Armenian diaspora.

Libaridian was a student of Professor Richard G. Hovannisian at UCLA. He held executive positions in the Armenian Revolutionary Federation as he was close to its “iconic” leader, the late Hrair Maroukhian. He was involved with the upper echelons of that organization at a time when that party had moved from the ideology of “Hayapahpanoum” (Preservation of Armenianness) to “Heghapoghakanatsoum” (for lack of a better word, “Revolutionization,” meaning active struggle against Turkey on various fronts). Libaridian was the keeper of the ARF archives in Boston and the editor of the ARF-sponsored *Armenian Review*. He also founded the Zoryan Institute for Contemporary Armenian Research and Documentation with the full support of the ARF. The main goal of that organization was to document the Armenian genocide. In December 1988, he resigned from the ARF when he “concluded that the party’s opposition to the popular movement in Armenia and Karabagh and to the leadership of that movement was neither accidental nor based on ignorance.” See Gérard J. Libaridian, *The Challenge of Statehood: Armenian Political Thinking Since Independence* (Watertown, Massachusetts: Blue Crane Books, 1999), X.
1990, Libaridian critiqued the diasporan Armenian’s frame of mind thus: “[S]ince the diaspora was caused by the genocide, somehow all our problems could be traced to the Turk, and we could absolve ourselves of any responsibility.”85 And he wondered: “Did a strategy of liberation based on anti-Turkism and anti-communism, on fear of pan-Turkism and hatred of the Turk, cause the return of an inch of Western Armenian territory or bring us any closer to Turkish recognition of the genocide?”86 To Libaridian, the answers were clear—Armenians could expect at best a symbolic recognition of the Armenian genocide from Turkey, and even that would not be easy.

If the purpose of obtaining recognition of the genocide is to obtain recognition by Turkey as a matter of moral and historical justice, then the strategy may require rethinking. If the purpose of recognition by Turkey is anything beyond that, then the prospect of never obtaining it could be accepted as a minor failure, as long as some “other” purpose is achieved. What Armenians need to understand is that these “other” purposes, legitimate or not, eliminate or lessen the possibility of a reversal in Turkish policy of denial; they also diminish the credibility of the argument with the international community.87

Beyond the genocide, normalization of relations with Turkey would be beneficial to Armenia:

Finally, what if having normal diplomatic and economic relations with Turkey is in the interest of Armenia as well as of Karabagh? Would not improved Armeno-Turkish relations weaken the Azerbaijani negotiating position, the rigidity of which is based on a policy of strangling the Armenian economy? Should the answer to these questions be positive, […] then the normalization of relations with Turkey would facilitate Armenia’s role as a transit route of Caspian Sea hydrocarbon resources.88

This argument was very close to the views propounded by American policy-makers at the time. Washington argued that Yerevan should be flexible on the merely symbolic issue of the genocide as well as the Karabagh conflict in exchange for a “piece of the pie”—a reference to the huge reserves of oil and gas lying in the depths of the Caspian Sea and the economic benefits they could have for the Caucasian states. Forgetting the genocide was impossible, but it was best to leave it to historians on condition that they promote a “happy

87 Libaridian, The Challenge of Statehood, 117.
88 Ibid., 116.
medium” between the “Armenian” position and the “Turkish” position, something that could be conducive to a symbolic recognition of the genocide by Turkey. To this end, Libaridian organized a carefully staged genocide conference in Yerevan in April 1995, which launched the search for the “happy medium,” and which was the first in a series of such events. At a symposium held at the French Senate on 17 June 2000 (by then, it had been almost three years since Libaridian had held a position in the Armenian government), Libaridian made clear that “neither the genocide nor its recognition” should serve as a basis for Armenia’s foreign policy and relations with Turkey. The “happy medium” required balanced judgment, equating the two sides, or narratives, of the issue: “It seems that the two sides struggling for and against the recognition of the genocide are repeating the logic of the past in order to justify it.” His speech, which was widely attacked in the Armenian press, received a glowing review by a journalist close to the APNM. 

The APNM’s strong dislike of the Soviet Union and Russia was reflected in its advocacy of a reassessment of the past and “realism” with respect to the present. Many APNM ideologists, including members of the Karabagh Committee itself, even placed some of the blame for the genocide on Armenians. Upon returning from Yerevan, French historian Jacques Julliard marveled in his column of the weekly Le Nouvel Observateur at the

89 Edmond Azadian, who met with Libaridian and invited him directly or indirectly to speak in Michigan a number of times, published a fairly laudatory article about him on 8 April 1995, shortly after a trip by Libaridian to Turkey. The article was based on the false assumption that, under US pressure, Turkey would soon make concessions to Armenia concerning its blockade of that country. Azadian writes, “Before giving in to US pressure, Turkey had to be reassured on certain issues. 1-The genocide issue has haunted and will continue to haunt Turkey until she decides to come to terms with her own bloody past. Libaridian seems to have indicated that it is up to historians to determine the facts of that issue, which is what Turkish leaders wish to hear.” See Azadian, History on the Move, 189.

90 The participants in that conference had been selected by the organizer. The event was “disrupted” by Richard Hovannisian, whom it was difficult not to invite in view of his seniority in the field. Among other things, Professor Hovannisian argued that political expediency could not substitute for historical truth. The conference was in fact supported financially by Kourken Sarkissian, a wealthy Armenian from Canada who had almost single-handedly financed the Zoryan Institute and backed Libaridian over the years. Primarily as a result of that conference, their relationship soured and Sarkissian broke up his partnership with Libaridian.


92 Ibid., p.5.

93 Gayane Sargsian, “Patmoutyan yev Irakanoutian Karoughiner” [Crossroads of History and Reality], Aravot, 29 July 2000, 5.
comments of the late Hampartsoum Galstian, then mayor of Yerevan. Galstian told him that whereas the reality of the genocide was beyond doubt, “Armenians had to have the courage of examining directly the attitude that was theirs at that time and their inability to keep the balance even between the Turks and their Russian foes….” Julliard was enthusiastic:

Formidable courage, by which Turkish leaders might do well to get inspired. When, then, will President Turgut Özal kneel down to ask forgiveness from the Armenians, as Willy Brandt had the capacity to do from the Jews?94

Ter-Petrosian himself gave a speech in which he blamed the ARF for helping to provoke the genocide. The ARF had collaborated with the Committee of Union and Progress, he said, as a result of which “the vigilance of the Armenian people came to a standstill.” He also argued that at its Eighth General Congress, the ARF had decided that the Ottoman Armenians should take part in the general mobilization of their country for World War I and accept conscription. Had they resisted conscription, Ter-Petrosian argued, Armenians might not have escaped the planned extermination, but they could have organized self-defense in many places and avoided total extermination.95

Anti-Soviet and anti-Russian inclinations also led the APNM’s ideologists and leaders to deride the existence of “pan-Turkism.” Thus, Rafayel Ishkhanian wrote:

I was curious whether today foreign sources are writing about the existence of contemporary Pan-Turkism and about its plan to annihilate Armenia. I could not come across any information.96

In fact, the term “pan-Turkism” referred to Ankara’s foreign policy which at that time hoped to draw on kinship ties among Turkic peoples to increase Turkey’s influence in Central Asia and Azerbaijan. The hope was that linguistic and cultural ties would foster collaboration and enable Turkey to achieve one of its long-term goals, namely, the establishment of territorial continuity with Azerbaijan and, if possible, Central Asia. For the APNM, however, pan-Turkism was the bogeyman that the Armenian Communist Party and the Armenian Revolutionary Federation were using to maintain Armenia’s dependence on

96 Rafayel Ishkhanian, “Miatsial Ankakh te Ankakh Miatsial” [United Independent or Independent United], in Ishkhanian, 126.
the Soviet Union, and after the latter’s collapse, on Russia. These very same forces had opposed independence.⁹⁷ Thus, the ARF and the late Hrair Maroukhian, its leader at the time, were accused of collusion with Moscow and the KGB.⁹⁸

“There are truths best perceived by mediocre minds, because they are most suited to them,” said Nietzsche.⁹⁹ The fate of Ter-Petrosian’s “southern” orientation corroborated the skepticism, if not hostility, of the more parochial leaders of Soviet Armenia and the diaspora toward that policy. To be sure, it could be that their views were suffused with ignorance, narrow-mindedness, prejudice, or self-interest. It could also be that some of those leaders were following Moscow’s directives. Whatever the case, the ideas of the often-brilliant intellectuals that formed the Karabagh Committee failed the test of practice, at least during Ter-Petrosian’s tenure.

There were reasons for such a failure. The ideas were based on a great number of assumptions, some of which were highly dubious. One was that Turkey would be as interested in normalizing relations with Armenia as Armenia was with Turkey. After all, it takes two to make a happy marriage. Second was the assumption that Mountainous Karabagh could be united in one way or another with Armenia and normal relations could be established with Turkey at the same time. Third, it was expected that Turkey could “forget” the genocide issue, since Armenia was putting it aside. Fourth, it was assumed that attachment to kinship, not to say racial, ties, and to pan-Turkic feelings, was not important in Turkey and would not hinder a policy that the APNM viewed as highly rational. Finally, one must add the APNM’s poor judgment about, or perhaps ignorance of, the political views prevailing in the Turkish ruling class and the state of Turkish public opinion.

Perspectives and patterns of reasoning inspired by pan-Turkism have dominated public discourse in Turkey since the end of the 1980s. The most widespread newspapers, *Hürriyet* or *Milliyet* for instance, would refer commonly to the Turkic peoples of the Soviet Union as “dis Türkler” (“outside Turks,” or “foreign Turks”). The hegemonic ideology

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⁹⁷ Ibid., and Ishkhanian, “Tourkakan Gortsone” [The Turkish Factor], in Ishkhanian, 175.
⁹⁸ Among many other such articles, see for instance Hakob Chghlian, “Andradardz Nakhkin Tsaverin” [Reflection on Previous Sorrows], *Hayk*, 26 June 1991, 3.
among the ruling elements and many establishment academics and intellectuals came from a right-wing think-tank called Aydinlar Ocagi (Hearth of Intellectuals). Upon the foundation of the Hearth of Intellectuals in 1970, its ideas defined first and foremost the program of the fascist and pan-Turkist Milliyetçi Hareket Partisi (Nationalist Action Party), or MHP. As one scholar puts it, “the efforts of Aydinlar Ocagi to present a legitimate façade for extreme nationalist and racist ideas are extremely important if the MHP is to establish its own version of Turkish nationalism.”\textsuperscript{100} From the late 1970s, however, communication and contacts between the Kemalist military-civilian bureaucracy and the Hearth of the Intellectuals increased significantly and resulted in the legitimization of the ideology of that think-tank. Its glorification of the Turkish state and national culture appealed to the military junta that seized power after the 1980 coup. The military invited the Hearth to participate actively in drafting the 1982 constitution, while it excluded almost all other civilian organization from that process. About this same time, the Hearth proposed a program of “National Consensus” (Millî Mutabakatlar) based on a new doctrine of the “Turkish-Islamic Synthesis” (Türk-Islam Sentezi).\textsuperscript{101} A German Turkologist suggests that this doctrine “seeks, as this concept already indicates, to set Islam in a Turkish-national, if not pan-Turkist-racist, framework […].”\textsuperscript{102} With the erosion of Kemalism as the hegemonic ideological foundation of the Turkish state and the exacerbation of the “Kurdish problem” in the 1980s, the notion of the Turkish-Islamic Synthesis spread to the Left. For instance, the prominent left-wing politician and current prime minister, Bülent Ecevit, advocates completely similar positions in many matters.

The Hearth of Intellectuals propagates by no means a simplistic form of pan-Turkism. It proposes establishing “a federation of Turkic-speaking states, inclusive of Persian-

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\textsuperscript{101} Arýkan, 124-25.

Solidarity with Azerbaijan fits with the expansionist character of this ideology.

Under the influence of these pan-Turkic visions, the Turkish public was euphoric about Turkey’s foreign policy opportunities at the beginning of the 1990s. Communism and the Soviet Union had collapsed, and out of their ruins, almost miraculously, were emerging new states populated by Muslim ethnic cousins. Here is how a professor of the prestigious department of political science at Ankara University describes those joyful days:

In this exuberant atmosphere slogans like “Turkish world from the Adriatic to the China Sea” were heard from such mouths as that of the president of the Republic. Demands started to rise especially from the ranks of racist and/or religious right-wing circles for military intervention to the Nagorno-Karabakh turmoil in Azerbaijan (or to Bosnia, to Mosul in Iraq, or to the Gulf War).

The authors of these demands (which were by no means restricted to the right-wing circles mentioned above) not only required an abandonment of the status quo policy on the basis of concrete and isolated cases, but also attacked the very philosophy of this policy. According to them, Turkey faced a great opportunity and it could no longer be content with what it had. In such a lucky period, the Misak-i Millî frontiers were squeezing Turkey’s throat and should be overlapped.

On the whole, Turkish foreign policy remained cautious until about 1991 because the ministry of foreign affairs resisted such enthusiasm. By early 1992, however, the ministry had realized that “there was no possibility of following the traditional policy of status quo as such, because the old status quo existed no more.” A new world of possibilities was opening up before Turkey, and Turkey had to shape that new world. Thus emerged Turkey’s new “active foreign policy” (aktif dîýp politika), also referred to as “neo-Ottomanism.”

Because Azerbaijan played a central role in the new policy, Turkey would not allow the

103 Motika, 269.
106 Oran, 458.
consolidation of Armenian victories in Mountainous Karabagh, nor would it be inclined to normalize relations with Armenia.

Indeed, along with the factors shaping Turkish foreign policy mentioned earlier, there were others no less important. These were described in Article 165 of a report submitted to the parliamentary assembly of the Western European Union (WEU) on the occasion of Turkey’s accession to associate membership in that body:

It should be noted that claims of ethnic and religious kinship with Azerbaijan are not the only reasons for Turkey’s uncompromising attitude towards Armenia, which it repeatedly has stigmatized as the aggressor. It has also strategic and political reasons to resent a possible Armenian military and political success in the conflict. One of them is that Armenian success would only reinforce Armenia’s claim to the region in north-eastern Turkey which used to be inhabited by Armenians before the mass deportations mentioned in paragraph 152 took place. Armenian success would also harm Turkey’s stand as tutor and protector of Muslim populations in Transcaucasia and Central Asia. Furthermore, Armenia has good relations with Iran, which has treated the country and its population far more benevolently throughout history than Turkey. Armenian success would therefore also give a boost to Iran’s political prestige, not especially desirable for Turkey.108

In response to the various factors that shaped Turkish foreign policy, Turkey did not establish diplomatic relations with Armenia. It set “Armenia’s explicit abandonment of territorial designs on Turkey, of allegations of Turkey’s culpability for the ‘genocide’ of Armenians, and a Karabakh solution as preconditions to diplomatic ties.”109 From an Armenian perspective, these preconditions were “groundless and unacceptable for Armenia as humiliating for its national dignity,” as the director of the Institute of Oriental Studies of the Armenian National Academy of Sciences suggested.110 In sum, all the assumptions upon which the views of the APNM and Ter-Petrosian’s subsequent foreign policy toward Turkey were based proved unrealistic. Nevertheless, armed with the ideas of what came to be called “the new thinking,” Ter-Petrosian attempted throughout his tenure to establish normal

110 Nikolay Hovhannisyan, The Foreign Policy of Armenia (Yerevan: Noyan Tapan, 1988), 32.
relations with Turkey. He did so despite the fact that the late Turkish president, Turgut Özal, stated on 6 March 1992 that “on the matter of Karabakh, it is necessary to scare the Armenians a little bit.” Özal also dispatched several dozen officers to advise and train the Azerbaijani army, and he deployed about fifty thousand military reinforcements along the Armenian border.111 When the Armenians captured the town of Shushi (or Shusha) in May 1992, Özal accused the Armenians of aggression and threatened to send the Turkish army into the Caucasus. This public threat was immediately answered by Marshal Evgenii Shaposhnikov, the commander-in-chief of the Joint Armed Forces of the Commonwealth of Independent States (CIS). He warned that such a move could lead to a third world war, which served to define more clearly the limits of acceptable Turkish activities in the region.112 Nevertheless, shortly before his death in April 1993, President Özal, clearly alluding to the 1915 genocide, stated that “Armenia has not learned its lesson from the experience in Anatolia and the punishment inflicted.”113 This statement, which figured prominently in the Armenian press, further undermined the credibility of Ter-Petrosian’s “southern” orientation and the political position of its proponents.

Thus, after more than seven years in power, Ter-Petrosian had little to show for his efforts to improve relations with Turkey. People close to the regime would put a brave face on it by pointing to the vital shipments of wheat that reached Armenia from Turkey during the harsh winter of 1992-1993, while glossing over the Turkish blockade of the country. They would not mention that Ankara forced Armenian civil flights to land in Turkey and delayed for months the delivery of humanitarian relief.114 They also did not account for the financial details of that arrangement:

After many Byzantine tactics and months of delay, Turkey finally agreed to ship Armenia 100,000 metric tons of wheat, which the European community had promised to replace. After humiliating Armenia’s entire population in bread lines, Turkey at last began shipping the wheat across the border, at a very slow pace and at a very high price. The transportation of wheat all the way from Russia to Armenia costs

113 As quoted in Hovhannisyan, The Foreign Policy of Armenia, 34.
only two dollars per metric ton, payable in devalued rubles; Turkey charged $56 per
ton in hard currency. Armenia was forced to deplete her foreign currency reserves to
avoid bread riots.\footnote{Azadian, \textit{History on the Move}, 72.}

Libaridian has argued that more progress was made with regard to recognition of the
 genocide under Ter-Petrosian than during the three preceding decades. The first
breakthrough, according to him, was the participation of a Turkish sociologist at the 1995
genocide conference in Yerevan. The second occurred when the mayor of a city near
Istanbul visited Yerevan and the Martyrs Monument. Libaridian construes both events as
having occurred with the acquiescence of the Turkish government.\footnote{Gérard J. Libaridian, \textit{The Challenge of Statehood: Armenian Political Thinking Since Statehood} (Watertown, Mass.: Blue Crane Books, 1999), 117-18.} In addition to these
achievements, Ter-Petrosian’s policies secured the on and off opening of an air corridor.\footnote{For instance, in November 1992, Turkey agreed to allow international aid to Armenia to cross its territory. In April 1993, it decided to suspend aid and foreign transit through its territory and airspace. In October 1995, the air corridor was reopened, etc. See Migdalovitz, 11.}

In fact, what was at first a wise policy became, at least in the medium run, a
humiliating embarrassment for most Armenians. Many, including the current Armenian
president, Robert Kocharian, believe that Ter-Petrosian’s policy toward Turkey proved
counter-productive, for it gave Ankara the impression that Armenia was so desperate as to be
inclined to accept anything to establish normal relations and lift the Turkish blockade. A
modicum of flexibility on the part of the Turkish governments towards Armenia might have
gone a long way to legitimate Ter-Petrosian’s policies and improve the economic plight of
the Armenian population. It might also have been an important step in the much-needed
confidence building process required to establish normal relations. Finally, it might have
facilitated a number of regional arrangements about pipelines and other matters,
arrangements that would have been, first and foremost, in Turkey’s interest.

The other element of Ter-Petrosian’s “southern” strategy was the effort beginning in
1991 to distance Armenia from Russia. The results were telling. The Soviet 23rd Division
of the 4th Army joined Azerbaijani Interior Ministry troops in driving out of Azerbaijan in
May 1991 the only Armenian population left outside Mountainous Karabagh, that of the
districts (raions) of Khanlar and Shaumyanovsk. “Operation Ring,” as it was called, forced more than 20,000 Armenian villagers to become displaced people, and many others were brutalized and killed. It was also a clear message of warning from Moscow, a reply to the anti-Russian and anti-Soviet rhetoric of the APNM. Within a few months, the Armenian leadership changed its position. Unlike Georgia, Armenia signed the Alma-Ata Declaration on 21 December 1991 and thus joined the Commonwealth of Independent States at the time of its establishment. As a result, the Russian attitude toward Armenia changed drastically in a period when the Azerbaijani Popular Front was indulging in strident anti-Soviet and then anti-Russian rhetoric. By the spring of 1992, Karabagh Armenians would celebrate their first major battlefield victories in what was becoming a full-scale war with Azerbaijan. Turkish threats of intervention in the Caucasus only pushed Armenia farther into Russia’s arms. In contrast to both Azerbaijan and Georgia, Armenia signed the Tashkent Collective Security Treaty on 15 May 1992, thereby joining a defense alliance of some of the CIS states. Not even a week earlier, Karabagh Armenians captured the strategic town of Shushi (or Shusha). Since that time, Armenia has become increasingly dependent on Russia, especially in the military and economic fields. It has signed a 20-year treaty of military cooperation with Russia, allowed Russian bases to stay in Armenia, and permitted Russian soldiers to guard Armenia’s borders with Turkey and Iran.

Thus, Ter-Petrosian’s “new thinking” failed to attain its goals in yet another arena. In the end, Armeno-Russian relations were little changed, and the Armenian government found itself vulnerable to charges that it was repeating the “three-hundred-year-old mistake” that Ishkhanian had so vehemently denounced. Gone were the days when APNM ideologists would refer to Russian and Soviet rule in Armenia as “slavery.” Even a modicum of flexibility on the part of Turkey might have led to a different outcome, keeping Armenia out of Russia’s orbit, enhancing western and Turkish interests, and giving more substance to Armenia’s independence. But no such flexibility was forthcoming.

All the issues concerning political orientation and ideology came together in a heated debate on the so-called “national ideology” (*azgayin gaghaparakhosoutyoun* or *gaghaparabanoutyoun*) of Armenia. The concept itself was rather fuzzy. It seems to have referred, in the minds of the opposition at least, to the historical myths, “half-truths,” and truths that often form the foundation for the self-image of nations and their political agendas. Some nations feel “chosen,” others believe in some kind of “destiny” shaping their history, others feel blessed with a “mission” to spread “civilization” or “democracy.” Ter-Petrosian and his allies inserted into the debate a question about the very existence of a “national ideology.” Presidential advisers Ktrich Sardaryan and Ashot Bleyan, a former MP and ex-First Deputy Minister of Sciences and Education, were particularly active in denying that the Armenian nation had values and ideals inherited from the past that defined its identity and position in the world. In response to a question about “national ideology” in his fateful press conference of 26 September 1997 that served as the launch pad for his resignation, Ter-Petrosian expressed his administration’s position on the matters as follows:

**Q.** The necessity of a national ideology and a national mission has recently been the focus of our politicians, and you have called national ideology a pseudo-category. Was it a political, scientific, or philosophical comment?

**Ter-Petrosian:** It was neither a philosophical nor a political or scientific. It was a very simple human idea coming from my conception of democracy. I called national ideology a pseudo-category and I repeat it today. What do they mean by a national ideology? Only one thing—which the whole nation should accept. A whole nation accepts one single ideology only in totalitarian systems, only in ideologized states. If there is democracy, no one can impose any ideology. Today, every ideology in Armenia is a national one to me, because each of them projects the best way of solving the national issues in itself. If a nation is forced to accept a national ideology, that is the end of democracy.\(^{121}\)

Thus, to Ter-Petrosian the concept of “national consensus” (*azgayin hamadzaynoutyoun*) was “a fake political category.”\(^{122}\) In an interview with AIM (Armenian International Magazine), he added that “history is a fake science.”\(^{123}\) None of this sat well with the Armenian intelligentsia in general and the academic establishment in particular,


\(^{123}\) The interview is in the March 1994 issue of *AIM*. 
most of whom loathed Ter-Petrosian and his regime. Academic articles were published showing that a “national ideology” did exist in the course of Armenia’s history and that of various nations, and that “national ideology” has a specific content and function. One scholar argued that it formalizes national mythologies and provides a sense of mission linking one’s internal spiritual life with the historic experience and role of one’s nation in the world. It also shapes national identity, of which the main stable foundation was the homeland. Another scholar began his essay as follows: “National Ideology” is a real concept (Haskatsoutyoun), and it is entirely knowable scientifically.” Yet another stated that the propaganda and activities of the new regime had attempted to sow “disappointment, denial, and even hatred in the people toward what they themselves have created.” This is “the bitter mentality of nihilism,” with which this new generation of Armenians came to power. For his part, the head of the Communist Party of Armenia (CPA) Sergei Badalian stated in his report to the 33rd CPA Congress that one of the tasks of the party was “to protect the nation from spiritual genocide.” Perhaps the most devastating criticism, however, came from the holder of the chair in Armenian history at Yerevan State University, Lendroush Khourshoudian. In a book published shortly after his death in 1999, Khourshoudian put forward a number of themes that were then used efficiently against Ter-Petrosian and his allies. The APNM, he argued, rejects “national ideology, because it wants to replace it with a “state ideology” (petakan gaghaparakhosoutyoun). He continued:

However, the problem is that the APNM was not in a condition to create its own original state ideology. The defeatist leadership of Armenia was guided by disparate, a-national (apazgayin), populist ideas, which were borrowed from the international arsenals of a-national forces.

Indeed, the opposition portrayed the president and his associates as being “a-national” (apazgayin), in their essence. The criticism only intensified after Bleyan went on a peace

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126 Hrachya Hovhannisyan, Ankakhoutyan Perchankn ou Kheghchoutyoune: (Mtoroumner Chanaparhi Skizbin) [The Ostentation and Misery of Independence: (Reflections at the Start of the Journey)] (Yerevan: Gitoutyoun, 1994), 66.
127 “CPA Seeking to Protect Nation from Spiritual Genocide,” in Noyan Tapan Daily Information Bulletin (December 1, 1997). 1 December 1997: <groong@usc.edu>. Unless otherwise stated, all Noyan Tapan reports mentioned hereafter were read on the Groong list.
128 Lendroush Khourshoudian, Hayots Azgayin Gaghaparakhosoutyoun, 226.
mission to Azerbaijan in the spring of 1993, and after Sardarian and Bleyan founded a political organization called “Nor Ughi” [New Path] that same year that advocated the return of Mountainous Karabagh to the status quo ante as an autonomous region within Azerbaijan. As a result, the opposition began to charge the Ter-Petrosian administration with treason. When Ter-Petrosian repeated most of the arguments of Nor Ughi during his press conference on 26 September 1997 and was then publicly supported by presidential advisor Sardarian, he ended up being associated even more closely with widely despised individuals in the minds of the people.129

Revolutionary movements and political systems require a more or less convincing ideology to justify, legitimize, and naturalize their agendas and authority.130 The remarkably successful mobilization of the Armenian masses from 1988 to 1990 had much to do with the populist themes that the Karabagh Committee had so intelligently woven into what looked like a coherent ideology. By 1994, Ter-Petrosian’s regime had no credible ideological superstructure within Armenia. An American anthropologist who lived in Armenia until 1994 makes this observation:

Popular discourse expressed the opinion that history and the nation were “going backward” (het enk’ gnum), which Armenians illustrated with the apparent, ironic reversals of many of the individual goals of the national movement prior to 1991.131

Far from considering history a fake science, Armenians sought refuge in their long historical memory to make sense of their fate in a period of socioeconomic dislocation and anomie. They felt overpowered by feelings of disillusionment and betrayal by the people they themselves had brought to power. The same anthropologist states that “underlying accounts of rupture and regression, reference to national history persisted both in hyperbolic form, as in the joke about Grigor the Illuminator and Levon the Terminator, and in domestic

129 On the themes developed by Bleyan and Sardarian as early as 1993 and their similarity to the arguments put forward by Ter-Petrosian to justify his conditional agreement to the peace plan proposed by the co-chairmen of the so-called Minsk group of the Organization for Security and Cooperation in Europe (OSCE), see David Petrossian, “Big Bluff of Levon Ter-Petrovian,” in Review and Outlook. 8 October 1997 <groong@usc.edu>. Unless otherwise stated, all columns in the Review and Outlook series mentioned hereafter were read on the Groong list.
130 The literature on ideology is vast. A good starting-point, combining an overview of the key issues with an original reflection, is Göran Therborn, The Ideology of Power and the Power of Ideology (1980; London: Verso Classics, 1999).
conversation.”

The “emperor’s new clothes” appeared beautiful only in the West, where Ter-Petrosian was praised by politicians, some academics, and some members of the Armenian Diaspora.

3. Citizenship and the diaspora

Ter-Petrosian’s policies toward the Armenian diaspora did not help his popularity either. From the start, he and his advisers put down diaspora Armenians as being inept romantics in the political arena. The first signs of the tension between the Karabagh Movement and the three political parties of the diaspora appeared in the “joint statement” that these parties issued in October 1988 that called upon their “valiant brethren in Armenia and Karabagh to forgo such extreme acts as work stoppages, student strikes, and some radical calls and expressions that unsettle public life in Armenia.” In a rare show of unity, the Hunchakian Social Democratic Party, the ARF, and the ADLO were worried at the time about harming “the good standing of our nation in its relations with the higher Soviet bodies and other Soviet republics.”

The least one can say is that this statement was not well received by the Karabagh Committee members.

The tension between the APNM and the ARF increased. At the second congress of the APNM (23-25 November 1990), Libaridian delivered a speech dealing with the diaspora. It was not kind to the three traditional parties.

Before it can wear its age as a sign of strength, the Hunchakian Party must explain why it was possible to declare for decades that the Sovietization of Armenia represents the realization of all political dreams of Armenians. Before it can impatiently demand that the new government of Armenia lay claim to Western Armenian territories, the Ramgavar Party must explain why it could live without any such concerns for decades without feeling it was betraying national interests. Before it can use the issue of genocide as a stick against the new government, the

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132 Platz, 136. The joke in question runs thus: “The history of Armenia begins with Grigor the Illuminator (Grigor Lusavorich’) and ends with Levon the Terminator (Levon Anjatich’).” Grigor the Illuminator is a national hero and saint who brought Christianity to Armenia at the beginning of the fourth century. The play on words, according to Stephanie Platz, refers to the contrast between the man who brought a new, Christian identity to the Armenians through his act of “illumination” and the president who brought power outage and energy crisis (p.114). In fact, this joke is polysemous and goes beyond this cogent interpretation. It also refers to the “a-national” dimension attributed to the president and his regime, to the fact that he is literally “snuffing out,” in the double sense of this phrasal verb, Armenian history. This supplementary interpretation is corroborated by other similar jokes.

133 See “Joint Statement by the Three Armenian Political Parties in the Diaspora,” in Armenia at the Crossroads, 128-29.
Dashnaktsutiune must explain how the party could be engulfed in the 1950s anti-communism of the Cold War for two decades that it would forget about Turkey. This most important of diaspora political parties must explain why it is that in November 1988 its leadership could ask everyone to dedicate themselves solely to issues of economic development of an Armenia governed by the Communist Party, thus helping extend the rule of the former regime and delaying the coming of democracy. But then, as a democratic government is elected, the party leadership reverses its stand, questions the legitimacy of that government, and seeks to replace it.134

In the view of the APNM, diaspora Armenians should not meddle in the political life of Armenia; rather, they should content themselves with providing financial aid and “strengthening statehood,” which meant more or less supporting the policies of the government.135 Those who provided such aid soon discovered that it had a tendency to evaporate. This is what one of the top leaders of the very moderate ADLO, whose well-to-do members were not ill-disposed toward the new regime and often supported the country financially, wrote in 1993:

> Although the country is in dire need of foreign investments, it has not yet developed laws to protect foreign capital. Almost all joint ventures have turned sour. Diaspora Armenians who (motivated by patriotism or profit) have tried to start businesses or engage in joint ventures have soon found out that they are being ripped off. But the saddest realization comes when they learn that their corrupt partners enjoy protection from higher echelons in the government.... Another factor is the attitude of the ruling class to the opposition. The tolerance level of that ruling class is dangerously low.... Even responsible people make irresponsible pronouncements: they deplore the multiparty system, or naively call for a docile opposition policy, completely ignoring the dynamics of social and political forces in a healthy democracy.136

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135 Azadian comments on those views thus:

> One of the prominent leaders of the ANM, and a member of parliament at that, recently made a revealing statement in the official organ of the ANM [Armenian National Movement, used instead of APNM], *Hayk*. “The only goal of Armenian diaspora organization,” he said, “should consist of the development and strengthening of the statehood of Armenia and the development of its international relations. These are the only guarantees of the unity of the Armenian people. It would also be beneficial if once and for all diaspora Armenians could rid themselves of tendencies to develop political sphere of influence in Armenia.”

> We have no quarrel with the first part of the above statement, provided that our conduct is not prescribed by novices in politics; but the last segment of that statement could be taken as a prescription for dictatorship, if it did not sound so provincial. Indeed, it is the very institutionalization of provincialism....

> Granted, no political group must entertain presumptions of running Armenia’s affairs from abroad; at the same time, the same new and inexperienced leaders in Armenia must not pontificate to diaspora Armenians by demanding that they support certain policies or define patriotism.

See Azadian, 51-52.

136 Azadian, 117.
The wealthy honorary consul of the Republic of Armenia in India fully shared these concerns about deepening corruption and the difficulties that Diaspora Armenians experienced trying to do business in Armenia. “Without a kopeck,” without any knowledge of the language of his new country, “with the just sweat of his brow, with his labor,” the diaspora survivor succeeded. “[The Armenian] did not beg in a foreign country, why should he beg in his homeland?”

As the longest serving diaspora Armenian in the government and a close associate of the president, Libaridian was one of the few members of the leadership who knew anything about the diaspora. He was, indeed, instrumental in shaping the government’s diaspora policies. His views about diaspora aid and benefactors were unlikely to endear him to diasporan Armenians trying to do business in Armenia:

And the price this government pays and these people, when every goddamned rich Armenian, who comes, or organization [sic], to give 50,000 dollars or something, they have to negotiate your pride and dignity, bring you down to the level of a fourth world country and insult people. Unwittingly.

In the United States, an elaborate network of Armenians dissatisfied with the established organizations of the diaspora was mobilized to support the goals of the government. In the 1980s, many of them had been involved in, or had gravitated around, the Zoryan Institute. By the 1990s, the supporters of the Ter-Petrosian regime had gathered around AIM, the Armenian International Magazine, or were under the influence of its coverage of news from Armenia. Efforts were made by the government to splinter diaspora political parties. In the case of the ADLO and the Hunchakian party, these efforts were fully successful. The ARF, which had adopted a negative attitude toward the Karabagh Committee and the APNM from their very inception, also underwent some internal agitation. It did not, however, split. After its dismal showing in the 1991 presidential elections, that party stepped up the intensity of its criticism of the regime and Ter-Petrosian personally.


138 After the first Minister of Foreign Affairs, Raffi Hovannisian, resigned at the request of the president on 16 October 1992, Mr. Libaridian was the only person who knew the diaspora well and had access to Levon Ter-Petrosian.
Faced with substantial discontent in the National Assembly, where a majority of deputies had just voted to put the recognition of the Republic of Mountainous Karabagh by Armenia on the agenda, Ter-Petrosian took a bold step. On 29 June 1992, he delivered a 90-minute televised address to the nation, accusing the leaders of the ARF of collusion with the KGB and of having raised funds for Armenia and Mountainous Karabagh that never reached their destinations. He also gave its top leader, the late Hrair Maroukhian, forty-eight hours to leave the country at a time when the general congress of that organization was scheduled to open the next day. This was not merely a message to the ARF – it was a warning shot for the opposition in general and the diasporan parties in particular. Libaridian explained the attack on a man whose protégé he had once been until they parted in a bitter dispute in 1988 as follows:

[Ter-Petrosian] took on the most powerful man of the most powerful [diaspora] organization and it was a message [that said] in a way, from my point of view to the diaspora: Know your place! You are not running this republic!… This is not an all-Armenian government.

The symbolic issue of dual citizenship also became a major source of discord. The government decided to deny its citizens the right to be simultaneously a citizen of another country. For many diasporan Armenians who thought naively that their Armenian ethnicity entitled them to Armenian citizenship, this was a major disappointment. It meant that there was no such a thing as a one and indivisible Armenian nation. The president, however, justified his decision during the fateful interview of 26 September 1997 with the following words:

Now about dual citizenship—I have already expressed my opinion in [sic] that issue. I think the Diaspora must be so generous as to understand why we have denied the double citizenship. I have tried to explain it.

We have very serious problems. If we had adopted the double citizenship, today we would not have had an army. Would the Diaspora want Armenia not to have an army? Would the Diaspora want Karabakh to be defeated? It is a shame. A great

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139 Interview given to Soren Theisen on 1 September 1992, as quoted in Razmik Panossian, “Between Ambivalence and Intrusion; Politics and Identity in Armenia-Diaspora Relations,” Diaspora 7, 2 (Fall 1998): 178.

140 It is significant that the ADLO, which had supported the president until then, joined the parliamentary opposition in this vote.

141 The text of the president’s speech can be found in “L. Ter-Petrosian Yelouyte” [L. Ter-Petrosian’s Address], Haratch, 2 July 1992, 1, 4; 3 July 1992, 1, 4; 4 July 1992, 1, 4.

142 As quoted in Panossian, “Between Ambivalence and Intrusion,” 173.
many young Armenians ran away from Armenia together with their families not to serve in the army. If they had double citizenship, none of them would serve in our army.\footnote{“Ter-Petrosyan Holds Press Conference,” \textit{Asbarez}, October 4, 1997, 4.}

A well-known Armenian political observer and columnist responded as follows: “[The president’s] answers concerning dual citizenship…were also extremely unconvincing.”\footnote{David Petrosyan, “Step-by-Step Settlement Is Unlikely in Karabakh,” \textit{Review and Outlook}, 2 October 1997, 2.} Indeed, all existing evidence suggests that the absence of dual citizenship has not prevented tens of thousands of young Armenian males from settling abroad and avoiding military service. At least one million Armenians have emigrated since 1990. For the sons of the wealthy, who enriched themselves under Ter-Petrosian’s rule, avoiding conscription became a matter of several thousand dollars paid as a bribe. The real reason for forbidding dual citizenship was to secure the monopoly of the \textit{indigenous} “nouveaux riches” on the Armenian economy, the political system (cf. the financing of parties), and the media. It was used, to quote Heidegger, “as a bulwark against the on-rush of the alien.”\footnote{As quoted in Leslie Paul Thiele, \textit{Timely Meditations: Martin Heidegger and Postmodern Politics} (Princeton: Princeton University Press, 1995), 173.} The same mentality inspired some groups that opposed selling Armenia’s large enterprises to foreign companies. For instance, the Union of Industrialists and Entrepreneurs headed by Telman Ter-Petrosian favored “protecting heavy industry from international pressure.”\footnote{The same mentality inspired some groups that opposed selling Armenia’s large enterprises to foreign companies. For instance, the Union of Industrialists and Entrepreneurs headed by Telman Ter-Petrosian favored “protecting heavy industry from international pressure.”}

The result of these policies was to undermine potential support from the diaspora, to sharpen its preexisting dissentions and hatreds, and to co-opt a few individuals and organizations, most of whom represented little other than themselves. On the other hand, many, even among those who kept providing some help to Armenia for patriotic reasons, viewed these policies as detrimental to the future of the Armenian people. For members of the ARF, the government’s policies were viewed as “a-national.” In general, most diasporans “privatized” or “personalized” their help by circumventing official channels, giving their money directly to a specific group or family.

Nevertheless, the potential of diasporan Armenians, whatever one might think of their organizations and leaders, could not be dismissed easily. Tigran Sargsian, chairman of the Association of Armenian Banks, reported that $350 million entered Armenia yearly from
abroad as financial aid. This figure represented almost 19 percent of GDP for 1998 ($1.85 billion). Forty percent of such transfers came from Russia, which suggests that about fifty percent came from the West and the Middle East, areas where the historic parties of the Diaspora have solid roots, especially the ADLO and the ARF.

More generally, corruption, lack of confidence in the regime, an inadequate and unreliable legal and judicial system, and arbitrary taxation kept foreign direct investment (FDI) in Armenia at very low levels. The EBRD estimated the cumulative total of FDI from 1991 to 1997 at a mere $102.8 million. In 1998, after Ter-Petrosian’s resignation and the launching of a reasonably rational privatization program that was more open to foreign investors FDI jumped to $228 million. The APNM’s views and policies, the growing authoritarian tendencies of the Ter-Petrosian regime, the rigged presidential elections of 1996, and the violence that the elections provoked also contributed to diminishing aid to Armenia from the diaspora, as suggested by the difficulties the Armenia Fund had in raising money during its 1997 telethon in North America: only about $1 million was pledged, which billionaire Kirk Kerkorian matched with another million. The total was about threefold less than the amount of money raised the previous year.

FDI is extremely important for a small, landlocked country of less than three million inhabitants undergoing a transition from a planned to a market economy. In the opinion of two economists, “[I]t is likely that the Armenian Diaspora, by itself, could provide sufficient foreign investment to improve the country’s macroeconomic performance.” This is all the more true in view of the fact that the average foreign investment package in Armenia varied from $100,000 to $200,000 up through 1998.

147 Armenpress, “$350 Million Enter Armenia As of Financial Aid to Some Armenian Residents,” 1 December 1997. 1 December 1997: <groong@usc.edu>. Unless otherwise stated, all Armenpress reports mentioned hereafter were read on the Groong list.
4. Pragmatic authoritarianism

Growing authoritarianism, unsolved political killings, politically motivated trials, pressures, and restrictions on the press constituted additional factors undermining the regime’s popularity. Preliminary blows were the rigged parliamentary elections and the rigged referendum on the adoption of the constitution that took place on 5 July 1995. Even more important, however, were the fraudulent presidential elections of 22 September 1996. The election results were made public by the Central Electoral Commission (CEC) on 29 September. According to the official tally, Ter-Petrosian had received 51.7 percent of the vote, while his main challenger, Vazgen Manoukian, had received 41.29 percent. A runoff between these two candidates had thus been avoided. As after the parliamentary elections of the preceding year, most Western organizations were only mildly critical of the election process. The OSCE concluded that the voting and counting process were “causing
concern for the overall integrity of the election process.” The International Foundation for Election Systems (IFES) was “deeply concerned about some of the violations which were witnessed and which have given rise to both domestic and international questioning of the integrity of the election process and the outcome.” As a palliative, IFES came up with the idea that the CEC should carry out “extensive investigations” into what had happened. The problem was that the CEC was the very body that had falsified the result of the elections in the first place.

Most Armenians are convinced that Ter-Petrosian failed to win a plurality, let alone a majority, of the votes in 22 September balloting. Their suspicions were reinforced when four members of the CEC announced on 25 September that Manoukian had actually amassed sixty percent of the vote. Seasoned RFE/RL political analyst Elizabeth Fuller aptly described the election as yet another step in the direction of “pragmatic authoritarianism” in the republic, a trend that she noted had begun with the suspension of the main opposition party, the ARF, in December 1994. Another RFE/RL analyst remarked that the elections had led to a genuine “crisis of legitimacy” for the regime. Many Armenians agreed. On the morning of 23 September, perhaps 200,000 Armenians gathered on Yerevan’s Freedom Square to protest the election process and its supposed results. By then, however, the writing was on the wall. Ter-Petrosian did not even bother to wait for the count to be completed before he toasted his victory with champagne on state-controlled television that afternoon. After that celebratory moment, he could no longer back out of the presidency.

[...]. An unspoken desire to see stability return to the troubled Caucasus region at almost any price underlines international thinking. [...] The hollow nature of the international community’s commitment to the principle of democracy and their representatives’ indifference to harsh realities on the ground have not passed the Armenians by. Paruir Hairikian told us after the elections how organizations like the UN and OSCE were despised by ordinary people in Armenia. Vazguen Manoukian, leader of the National Democratic Union, commented on the OSCE’s judgement that the elections were free but not fair that “there obviously exists in the West a concept of two-speed democracy.” See BHHRG. Parliamentary Elections and Referendum 1995, 7. Paruir Hairikian was a dissident and a human rights activist in late Soviet times. At the time of this report, he was the leader of the Union of Self-Determination.

158 Indeed, reliable sources in Yerevan told the author off the record that Ter-Petrosian had received only twenty-two percent of the vote.
159 Elizabeth Fuller, “The Fall from Democratic Grace,” Transition 2, 23 (15 November 1996): 43.
160 Fuller, 41.
The political crisis reached a climax during a mass rally of 150,000 to 200,000 Armenians on Freedom Square on 25 September. Vazgen Manoukian left the rally to meet with the CEC to demand that they allow an independent recount of the ballots. He did not return for two hours, at which point the demonstrators broke into the parliament building and beat up its chairman, Babken Ararktsian, and its vice-chairman, Ara Sahakian. Vazgen Sargsian then intervened with an armed detachment and ordered the soldiers and the police to shoot at the legs of the demonstrators. Sargsian himself actually participated in the shooting. That evening, the president “elect,” Vazgen Sargsian, and national security minister Serzh Sargsian appeared on Television Channel One and took the opportunity to announce that an attempted coup d’état had taken place. This was followed by legal action against a number of deputies, some of whom went into hiding. Several hundred individuals were arrested. Manoukian and former national security advisor Ashot Manoucharian responded by appealing to the constitutional court to nullify the results of the election because of widespread fraud. Not surprisingly, the appeal was rejected.\footnote{Emil Danielyan, “A Crisis of Legitimacy in Armenia,” \textit{Transition} 3, 2 (7 February 1997): 84.}

Thus, popular protest had been crushed by military force, legal recourse had been perverted, and a president had been elected fraudulently. Internationally, the elections tarnished Ter-Petrosian’s image, but the West did not dwell on the problem. A weak president has his uses – western pressures on Ter-Petrosian increased in 1997. But even more than his image in the West, it was the president’s own self-image, his “ego ideal,” that was tarnished. Vano Siradeghian, his right hand man and minister of interior at the time, reported subsequently that “after those events the president fell into a three-month depression.” He added:

He wanted both Vazgen Sarkisian [Sargsian] and myself to resign our posts. But it looked like he didn’t want anything. The whole state apparatus was demoralized, paralyzed and no government was formed during [the ensuing] three months.\footnote{Emil Danielyan, “Ter-Petrossian Rigged 1996 Election, Fell Into ‘Depression’, Says Top Ally,” \textit{RFE/RL Armenia Report}, 30 December 1998, 2.}

Ter-Petrosian realized that he had in effect taken power in a coup d’état.\footnote{For the details of what happened, see Mikael Danielian, “A Funeral for Democracy,” \textit{Uncaptive Minds} 9, 1-2 (Winter-Spring 1996-97): 128-31; and Fuller, “The Fall from Democratic Grace,” 42-44.} Clearly, he had to make some kind of change of course to have any hope of restoring public

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confidence in his administration. In fact, Siradeghian later revealed that the cabinet “hadn’t worked since January 1996” (that is, after Bagratian had been told that he would be dismissed as prime minister after the elections).\textsuperscript{165} The fiasco of the elections made the planned change an urgent necessity. Bagratian, the architect of Armenia’s radical economic reforms, resigned on 4 November in the face of harsh criticism from APNM leaders, who blamed him for the poor showing by the president. Ter-Petrosian appointed Armen Sarkisian, Armenia’s ambassador to Great Britain, to be the new prime minister that same day. Untainted by corruption, and highly regarded in the West, Sarkisian seemed like a good choice. However, he lacked a significant power base within Armenia. An even more important change in his cabinet came with the departure of Vano Siradeghian, who earlier had been appointed Yerevan’s mayor by presidential decree. The interior and national security ministries were now merged into a single portfolio under the control of Serzh Sargsian. Vazgen Sargsian retained his post as minister of defense. This arrangement would prove to be critical more than a year later, for these two ministers were to play critical roles in the ouster of the president.

On 8 November, Ter-Petrosian gave his formal endorsement to the new cabinet, which received a vote of confidence from the National Assembly on 29 November. Health problems, and perhaps the realization that he would be unable to convince the APNM to accept needed reforms, led Armen Sarkisian to tender his resignation on 6 March 1997. Levon Zurabian, the presidential press spokesman, revealed four days later that the president would not yet accept the resignation.\textsuperscript{166} The president’s hesitation was understandable. The government’s approval ratings had finally begun to recover, but Ter-Petrosian found himself forced to find a new prime minister.\textsuperscript{167} Finally, on 20 March 1997, Ter-Petrosian appointed Robert Kocharian, the president of the unrecognized Republic of Nagorno-Karabakh, to be Sarkisian’s replacement. He too was untainted by the corruption prevailing in government circles in Yerevan.

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\textsuperscript{164} Armenian law describes a coup d’etat as a “violent seizure of power.” Danielyan 12/30/98, 1.

\textsuperscript{165} Danielyan 1998, 2.


\textsuperscript{167} “Reaction on Prime Minister’s Resignation Varies,” \textit{Asbarez on Line}, 11 March 1997. 11 March 1997: <groong@usc.edu>, 1. Unless otherwise stated, all \textit{Asbarez on Line} reports mentioned hereafter were read on the Groong list.
For Ter-Petrosian, the choice of Kocharian as prime minister would prove politically fatal. This was true for at least two reasons. First, Kocharian had a power base in Armenia in the person of Serzh Sargsian. Second, his views differed substantially from Ter-Petrosian’s on a number of key issues, including the resolution of the Karabagh conflict, Armeno-Turkish relations, and tax collection.

“Latent structure is master of obvious structure,” Heraclitus wrote. By the fall of 1996, Ter-Petrosian had failed to attain three of the four main goals he had set for his administration in 1991. Marketization had led to massive corruption and socioeconomic dislocation, even though some of the foundations of a market economy had been laid. Ter-Petrosian’s foreign policy “realism” had led to humiliation on the one hand and dependence on Russia on the other. “Democratization” had led to authoritarianism. It was the combination of these failures that forced him to resort to electoral fraud and increasing repression. As for the fourth goal, the union of Mountainous Karabagh with Armenia, the regime had won the war, but it had yet to win the peace.

Having managed to preserve his position by “winning” the presidential elections through force of arms, Ter-Petrosian was now politically dependent upon the so-called “power ministries,” and especially on the ministry of defense under Vazgen Sargsian. In this regard, too, Ter-Petrosian made a major mistake, appointing his flamboyant and corrupt friend, Vano Siradeghian, who had been head of the national security ministry, to be mayor of Yerevan. Granted, the mayorship was a very important position, since one-third of Armenia’s population lives in its capital. Yet, the appointment cut Siradeghian from the second most powerful power ministry. Further, the merger of the interior and national security ministries under Serzh Sargsian added to the president’s blunder. Both Serzh Sargsian and Robert Kocharian, the new prime minister, were Karabagh Armenians, and the two were close associates.

Politically, all seemed quiet in the spring of 1997. Popular dissent had been crushed. The most virulent opposition party, the ARF, had been suspended and its leaders jailed. A number of political leaders faced trial for their real or imaginary role in the aftermath of the

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elections. The West was still holding discussions with the Armenian government about how best to remedy the electoral debacle. The parliament was under the tight control of the APNM. And the cease-fire agreed upon with Azerbaijan in May 1994 was still holding. However, the seeming tranquility was misleading. Against the backdrop of the underlying difficulties of the regime, a powerful “Karabagh clan” was forming under the leadership of Kocharian and Serzh Sargsian. By the summer, intra-elite conflicts between various “clans” within the ruling coalition and the APNM itself were becoming increasingly evident.

IV. Precipitating Factors: Things Fall Apart

The immediate cause of the president’s downfall was a deepening rift within the APNM leadership over the economic, social, and political foundations of the regime and, more generally, over its tarnished image. To a great extent, the rift stemmed from the debacle of the presidential elections, which proved to be a wake-up call for some factions within the APNM, which realized that they were losing ground in the harsh political environment in for Armenia. Indeed, the rather “theoretical” debates that broke out in parliament and the media were only the tip of the iceberg. The visible divergences hid the real conflicts of interest and of personality.  

1. The fragmentation of the APNM

In December 1995, at the seventh congress of the APNM, Ter-Petrosian announced that the social base of his regime would be the class of private property owners that emerged in the wake of privatization. He apparently believed the APNM and the five smaller parties that together made up the ruling Hanrapetutyun (Republic) bloc in parliament could become an Armenian version of the British Conservative Party or the US Republican Party. In April and June 1995 respectively, the Union of Industrialists and Entrepreneurs (led by Telman Ter-Petrosian) and the Agrarian-Peasant Union were founded, which together were supposed

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169 This is the opinion of a number of knowledgeable sources in Yerevan. While this author is inclined to agree overall with their views, he finds it inappropriate to cite some of the underlying conflicts of interest, for they cannot be convincingly documented.
to attract entrepreneurs and wealthy farmers and thus form the inner core of the new party envisioned by the president.\textsuperscript{170}

Signs of political dissention within Ter-Petrosian’s ruling party quickly became apparent in late spring 1997, however. Two issues were particularly divisive. The first concerned draft deferment for university students, an issue over which the speaker of parliament, Babken Ararktsian, faced off against the defense minister, Vazgen Sargsian. Whereas Ararktsian was in favor of deferment, Sargsian was against it. The disagreement led Ararktsian, a very close ally of the president, to hand in his resignation on 11 June. Upon the intervention of the president, the prime minister, and others, Ararktsian withdrew his resignation on 16 June, but he had by then been publicly humiliated.\textsuperscript{171} The president is said to have proposed a compromise, and draft deferment nevertheless remained in effect. This crisis, however, was important not so much because of what was at stake (draft deferment in practice was a privilege enjoyed by the offspring of the well-to-do, who can enroll for $500 to $1,000 in one of the dozens of dubious private “universities” that have proliferated in Yerevan since 1991 to avoid conscription), but because it revealed the power of the defense ministry, disclosed a specific conflict of interest between the army and the nouveaux riches associated with the APNM, exposed a fault line between two close allies of the president, and brought to light the latter’s inability to manage these conflicts behind the scene before they became public.

The second issue went to the core of the policies of the party. It opposed a faction led by the chairman of the parliamentary legal affairs committee, Eduard Yegorian, the former prime minister, Hrand Bagratian, and the former national security adviser, Davit Shahnazarian, to another faction led by Ararktsian and former interior minister and then Yerevan mayor Vano Siradeghian. The first group was made up of individuals who had lost political ground, or were in the process of losing it, and thus had an axe to grind with the president, with Siradeghian, or with both. Having drawn some lessons from the path that had led to the fraudulent presidential elections in 1996, the faction supported the establishment of legal-rational institutions to buttress capitalistic economic development and restrain

\begin{footnotesize}
\textsuperscript{170} Emil Danielyan, “A Crisis of Legitimacy in Armenia,” 1.
\end{footnotesize}
corruption. Whether their concerns were genuine or were only tools to attack a weakened president and a former minister of the interior famed for his corruption can be debated. The second group, in contrast, wanted to preserve the status quo, or what Yegorian called “nomenclature capitalism.” The conflict reached its apex in July 1997 during the election of the APNM’s chairman, a conflict in which the struggle between Yegorian and Siradeghian came to a head. Yegorian was advocating a reform of the APNM by making the party more independent of its leadership and closer to the people; establishing a dialogue with all parties; improving relations with the diasporan parties and encouraging them to form a coordinated platform and structure that would be beneficial to the resolution of national problems. At a meeting of the APNM’s board preceding the party’s Ninth Congress, Ter-Petrosian made clear his opposition to Yegorian’s reform program and to Yegorian’s candidacy as chair. Lacking the president’s support, Yegorian’s was defeated on 13 July. His defeat signaled an end to the bid to reform the party. The deepening divisions within the APNM contributed to the formation of number of splinter groups. In late May 1997, before the Ninth Congress of the party convened, Bagratian founded a new party called Azatoutyoun (Freedom), to which several high-ranking APNM members defected. No sooner had the APNM congress ended than Yegorian announced on 18 July that he would leave the ruling party and form a new parliamentary faction. By September 1997, Yegorian had created a new parliamentary group, Hayrenik (Homeland), made up of ten APNM members who quit the ruling “Republic” coalition but retained their membership in the APNM. They demanded, among other things, “the development of truly democratic processes” and real market relations free from “monopolistic dictatorship.”

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172 It is perhaps an oversimplification to define the first faction as the “bureaucrats” and the second one as representatives of “powerful shadow economic interest groups.” As the future would show, it is also dubious to include Vazgen Sargsian into the second group. For such an interpretation, see Liz Fuller and Harry Tamrazian, “Armenia’s Shifting Political Landscape,” RFE/RL Newsline, 1, 46, Part I (5 June 1997): 4.
2. APNM versus Kocharian and Serzh Sargsian

In the meanwhile, voices within the APNM began to argue openly that the party should support a vote of no confidence in Kocharian’s government. Others argued that the president should sack both Kocharian and Serzh Sargsian. The result was a vague yet palpable impression that the APNM had lost its power and control over the government.

The government’s effort to fight tax evasion directly threatened the interests of key factions in APNM’s constituency and thus further undermined the administration’s political position. In a lecture at the American University in Armenia on 18 December 1997, Serzh Sargsian made clear that fighting corruption and other “economic crimes” was a priority for his ministry in view of the growing links between state officials and the mafia. Such a trend, he argued, was “extremely dangerous.” It was clear, however, the government was divided on the question. Thus, Deputy Economy and Finance Minister Edward Mouradian was quoted as saying a month later: “Today we are not ready to tax the rich, until the principle of mandatory declaration of incomes comes to the fore.”

The taxation question was also linked to another charged political issue, the resolution of the Karabagh conflict. Ter-Petrosian argued that that the conflict had to be settled before economic development was possible. Kocharian countered that ninety percent of the economic difficulties of the country could be overcome by improving government administration and by rationalizing and enforcing the tax regime. In a December 1997 interview, he emphasized that tax receipts had “doubled in the past six or seven months and were three times higher in October than in October last year.” Clearly, he was suggesting that the improvement was due to his being appointed prime minister.

While the government’s assault on economic crime hurt the APNM’s social base, pressure to establish and enforce fair electoral laws directly threatened the party’s grip on power. The adoption of a new electoral law was a precondition for Armenia’s admission to

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full membership in the Council of Europe. As the Armenian parliament debated the terms of the new election law, Siradeghian explained his position to the daily *Aravot*:

The ruling party, holding the majority of seats at the parliament, will never adopt a law dooming them to failure at the next parliamentary elections. Consequently, we should try to make the law more democratic, so that other parties have the chance of getting into the parliament.”182

In short, what Siradeghian was proposing was illusionary democracy. The opposition, Yegorian and his allies, and Kocharian all wanted an electoral law that would ensure at least something approaching free and fair elections.

**V. The Center Is Not Holding**

In the two weeks preceding Ter-Petrosian’s 26 September press conference, there were indications that something significant was afoot. The defense minister of the self-proclaimed Republic of Mountainous Karabagh, Samvel Babayan, gave an unusual interview to the Noyan Tapan news agency on 12 September 1997. Babayan stated that “if we aren’t able to reach something at the negotiations table, the risk of war increases.” He added, “[W]e are ready to do this,” and he called for direct negotiations with Baku. Asked about returning the territories occupied by the Karabagh army to Azerbaijan, Babayan made it clear that nobody should even consider this possibility before reaching an agreement on the status of that unrecognized republic. As for giving up the territories linking it to Armenia, the defense minister argued that even if independence were granted Karabagh “today,” the areas of Lachin and Kelbajar would never be returned. He also accused international mediators of siding with Azerbaijan and warned Azerbaijan that nobody could serve Karabagh to them as a ready dish. Finally, he suggested that after losing another district or two, Azerbaijan might be more inclined to make concessions.183

These were rather bizarre pronouncements at a time when the outbreak of another war was unlikely. Babayan was clearly indicating to the parties involved in the negotiations over

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182 As quoted in the Armenpress News Agency report by H. Galajian, 7 November 1997.
Karabagh – Armenia, Azerbaijan, and the OSCE “Minsk Group” – that any peace settlement would require the direct involvement of the Karabagh government in the negotiations and Stepanakert’s consent to any settlement plan.

That same day, the newly elected president of Karabagh, Arkadii Ghoukasian, also gave an interview to the daily Respublika Armenia. As his views set the parameters of the subsequent crisis, they deserve some attention:

Q.: What does the Azeri side suggest for resolution of the conflict?

Ghoukasian: Baku proposes that we unilaterally withdraw our forces from all territories. But then, by leaving Agdam, Kelbajar, Lachin, and even Shoushi, in fact we’ll make Mountainous Karabagh subordinate to Azerbaijan. Baku plans to split Karabagh in two parts. They propose a solution similar to that of Cyprus, to have two administrations – Azeri and Armenian. The problem of five hundred thousand Armenian refugees is not resolved at all. In fact, Karabagh, which won the war, is supposed to capitulate…. It is not acceptable for us to become subordinate to Azerbaijan, to return the territories, along with unilateral return of the Azeri refugees.

Q.: You spoke about impossibility of vertical subordination to Baku, but proposed horizontal relations. What did you mean?

Ghoukasian: This could be something similar to a confederation, that is, creating bodies which could coordinate our activities – say, a common parliament. Yet, we should be living based on our own laws. Another approach is through definition of our relations. We can decide together how to resolve, say, ecological problems, energy supply, communications, or these functions can be undertaken by Azerbaijan….. Yet, every nation should live in the way it likes. For example, we do not elect the President of Azerbaijan, Baku does not interfere in our interior affairs. Yet, the main idea of horizontal relations is recognition of RMK [Republic of Mountainous Karabagh] as an object of international law. This is sort of “abridged statehood.”

These warnings from Stepanakert were superseded by Gérard Libaridian’s resignation on 15 September. As Ter-Petrosian’s senior advisor, he had been the main negotiator on the Armenian side dealing with both the Karabagh conflict and Armeno-Turkish relations. In a press conference, he explained that the reason for his resignation was “purely personal.” After close to seven years of working in Armenia, the time had come for his family “to be together again.” While personal reasons cannot be excluded, it is widely believed in Armenia that the principal reason for his resignation was Kocharian’s distrust of

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him and opposition to his role in the Karabagh negotiations. At the least, it is clear that there were serious differences within the leadership over Karabagh well before the crisis came into the open.

It is against this background that one must set the president’s press conference. Ter-Petrosian defined five possible variants for the settlement of the Karabagh conflict. Four of them, he explained, were not realistic, including outright independence or union with Armenia. There remained a fifth possibility, a negotiated settlement, which could take two forms: a “package” settlement that would address all relevant issues at once, including the final status of Mountainous Karabagh; or a “step-by-step” approach that would address key issues in stages. Ter-Petrosian described the package settlement as follows:

It implies that, simultaneously, the occupied territories will be given back except for Lachin, the disposition of peaceful troops along the Karabakh-Azeri borders, the stopping of the blockade, the return of refugees to their houses, the creation of buffer zones at the Karabakh-Azeri borders. This is part of a packet settlement. The other part is the status of Karabakh.\(^{186}\)

Ter-Petrosian then revealed that Azerbaijan and Karabagh found the status proposed by the Minsk Group of the OSCE unacceptable, but agreed on the rest. He asserted that Armenia also had some reservations about the proposed settlement and made them known to the mediators. As Azerbaijan and Mountainous Karabagh were not yet ready to accept the package settlement, he suggested, “[W]hy not try to settle the conflict stage by stage?” The first stage would consist of all the points mentioned in the package settlement with the exception of the final status of Mountainous Karabagh, which would be “postponed until the first stage is fulfilled.” The president summed up his general assessment of this proposed approach thus:

We have agreed to present our written opinion about this issue to the mediators within two to three weeks. After that, the mediators will examine the presented opinions and if they find that there is some community of interests, that will be considered as a ground for beginning talks.\(^{187}\)

The text of the draft agreement has not been made public, but a document purporting to sum up its key points was leaked to the generally reliable Noyan Tapan news agency. According to that document, the Karabagh army would withdraw from all the occupied

territories, including the Lachin corridor. Karabagh would have autonomous status within Azerbaijan, having its own constitution, anthem, and flag. It would also be allowed to keep a National Guard and a military police, which would be reduced “to the level of minimal sufficiency” after the signing of the final agreement. The borders of Karabagh would be those effective in 1988. The OSCE would create a sort of buffer zone around the region, and an international peacekeeping force would be deployed, reportedly with an initial one-year mandate. Azeri refugees would return to Lachin, Shushi, and other regions within Mountainous Karabagh, as well as to the occupied territories beyond Karabagh’s borders. There were no provisions for the return of Armenian refugees to Azerbaijan or for compensation for their losses of property. The Lachin corridor would fall under Azerbaijani jurisdiction and would be leased by the OSCE to ensure free communication between Armenia and Mountainous Karabagh. The latter would be declared a free economic zone.

To sum up, what was being proposed was “multiethnic autonomy” for the region. Noyan Tapan came under substantial pressure from the Interior and National Security Ministry to divulge the source of the document. Clearly, the ideas expressed in both the Ter-Petrosian press conference and the leaked document had little to do with the original goals of the Karabagh Movement, of its ideologists, and of its leaders.

In fact, though, the president’s position on the need to reach an agreement over Karabagh was not new. In an interview with a Turkish journalist of the newspaper Cumhuriyet in June 1992, Ter-Petrosian had stated that the physical security of Karabagh Armenians was his main goal with regard to the region. There was no mention of independence or union with Armenia. By the turn of 1994, he was arguing that the Mountainous Karabagh conflict “constitutes the main obstacle to the creation of a normal state and a healthy economy.” As a French journalist aptly put it, the settlement the

\[\text{\textsuperscript{189}}\] “Cumhuriyeti Hartsazrouytse L. Ter-Petrosiani Het” [Cumhuriyet’s Interview with L. Ter-Petrosian], \textit{Haratch}, 12 June 1992, 1.
\[\text{\textsuperscript{190}}\] As he is quoted in Jean Gueyras, “L’Arménie piégée par la guerre du Karabakh,” \textit{Le Monde diplomatique} 479 (February 1994): 3.
Armenian government envisioned at the time lay “between autonomy and independence.”

In a nutshell, the Karabagh leaders had already expressed their disagreement with the president’s views before the press conference that made them public.

On 7 October, Ghoukasian rejected “any proposed peace plan based on the region’s subordination to Baku,” advanced the idea of a “confederative relationship” with Azerbaijan, and opposed the “phased” approach to the resolution of the conflict, coming out instead for a “package” solution. Two days later, Armenia’s foreign ministry spokesman, Arsen Gasparian, told the RFE/RL bureau that Armenia has accepted in writing the most recent Karabakh peace plan proposed by the OSCE Minsk Group “as a basis for further negotiations.”

From then on, the crisis gained momentum. Ten deputies left the ruling “Republic” parliamentary bloc, joined with four other deputies, and formed a new faction called “Yerkrapahner” (Guardians of the Homeland). They represented the pro-government Yerkrapah volunteer militia loyal to Vazgen Sargsian as defense minister. The Republic bloc was left with 96 deputies out of 189.

Meanwhile, the Karabagh leadership, the Armenian defense ministry, the Guardians of the Homeland, the interior and national security ministry, the opposition, the intelligentsia, most diasporan organizations, and most of the Armenian media expressed their opposition to the president’s support for the proposed settlement. Of particular interest in the month following Ter-Petrosian’s press conference was the deafening silence of the president’s closest allies, including Siradeghian. The speaker of parliament, Babken Ararktsian, was an exception – he made a meek effort to rescue the president by stating that Ter-Petrosian had been “misunderstood.” Not until 10 November 1997 did the APNM, still the dominant party in the National Assembly, back the president’s Karabagh policy.

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191 Gueyras, 3.
In addition to expressing publicly his opposition to the proposed step-by-step plan, Kocharian also made it clear that he disagreed with the president’s belief that that conflict was the main cause of Armenia’s economic problems. On 14 January 1998, the prime minister excluded the possibility of any settlement that envisaged Karabagh’s “vertical subordination” to Baku. Vazgen Sargsian followed suit with a press conference on 23 January 1998 that proved to be a turning point in the intensifying polarization between the president and his party on the one hand, and all those opposing the step-by-step approach on the other. Sargsian stressed the need to take a tougher stand on the Karabagh question, he attacked the APNM for its efforts to force Kocharian’s ouster, he called the latter’s resignation “impossible,” and he blamed the APNM for a series of terrorist actions that had occurred over the previous weeks. Three days later, the four deputies of the Intellectual Armenia Party pulled out of the Republic bloc because of their objections to the phased approach.

Consultations between opposition parties, the minister of defense, and the prime minister were followed by calls for the resignation of the president by the chair of National Democratic Union, Vazgen Manoukian, as well as by the ARF and the former national security advisor, Davit Shahnazarian. The political crisis intensified when media reports suggested that a number of recent terrorist actions against government officials had been organized by elements close to the ruling party. These acts, it appears, aimed to foster an atmosphere of political crisis in an effort to discredit the government and force the president to dismiss it. This was followed by the resignations of Siradeghian as Yerevan’s mayor and of the foreign minister, Alexander Arzoumanian. On 2 February, Babken Ararktsian announced the dissolution of the “Social State” deputy group. The entire group, as well as twenty-seven deputies from the Republic faction and a considerable part of the Reforms group, joined the Yerkrapah bloc. As a result, the latter became the single largest

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parliamentary bloc, with sixty-nine deputies, compared to only fifty-six for the Republic. All but one of the powerful deputy-governors also quit the Republic. At this point, having lost his parliamentary majority, the president had no choice but to resign. As he explained in his address to the nation:

The well-known bodies of power demanded my resignation. Taking into consideration the fact that the fulfillment of the president’s constitutional authorities under the current situation is fraught with a real danger of destabilization of the country, I accept that demand and announce my resignation.

I refrain from any comments or assessment not to aggravate the situation. I just think it necessary to note that the speculation over the Artsakh [Mountainous Karabagh] problem was just a [one] cause in the crisis of power. The problem is much deeper and is connected with the fundamental principle of statehood and the alternative between peace and war.

Time will show who did what for Artsakh and who is indeed selling it out. Nothing extraordinary happened. Simply “the party of peace and decent accord” has lost.

VI. Conclusion

“One must give time to Time,” François Mitterand, the late President of France, used to say. There is wisdom in his words. We will be better able to assess the legacy of the Ter-Petrosian years twenty years from now, when distance and a broader comparative perspective on the various paths taken by the fifteen Soviet successor states will help us draw conclusions that are not possible now. Today, the very nature of the subject leads us to focus on the problematic aspects of Ter-Petrosian’s tenure. The former president himself is confident about the overall assessment of his role in history, as he made clear in a speech at the APNM’s Ninth Congress in the summer of 1997.

In 10-20 years everything that is said today in relation to the ANM and authorities will be forgotten, and history will fix the only pure facts, which are: in the days of ANM Armenia restored its independence; in the days of ANM Karabakh won the liberation war; in the days of ANM Armenia adopted its constitution; in the days of ANM the ground for democracy, a multi-party system, and parliamentarianism was laid; in the days of ANM Armenia formed a base for free market economy; in the

\[Outlook,\ 28\ \text{January}\ 1998,\ 1-3;\ \text{Ruzanna\ Khachatrian,}\ \text{“One\ Party\ Quits\ Armenia’s\ Pro-Government\ Bloc,”}\ RFE/RL\ Armenia\ Report,\ 27\ \text{January}\ 1998,\ 1.}\]
\[\text{Noyan\ Tapan\ Daily\ Information\ Bulletin,}\ \text{“Yerkrapah’\ Becomes\ Largest\ Deputy\ Group,”}\ 3\ \text{February}\ 1998.\]
\[\text{Armenpress\ News\ Agency,}\ \text{“Statement\ by\ President\ of\ the\ Republic\ of\ Armenia\ Levon\ Ter-Petrossian,”}\ 4\ \text{February}\ 1998.}\]
days of ANM Armenia formed its army; in the days of ANM, the 9th ANM Congress was held.201

There is a hint of defensiveness in these words. It is true that much was achieved in the Ter-Petrosian era. But the achievements often took on a distorted or perverted form under the weight of the Leninist past, the constraints of frenetic liberalization, the influence of some Armenian cultural traits, and the burden of the war over Mountainous Karabagh.202

Overall, one could characterize Ter-Petrosian’s years as marked by a transition from populism mass mobilization led by inexperienced intellectuals (1988-1990) to a variant of “delegative democracy” (1991-1994), to be replaced by a variant of pragmatic authoritarianism (1995-1998). During the years of delegative democracy, Ter-Petrosian’s power was based on his overwhelming victory in the presidential elections of 1991. The political opposition was weak and concentrated in parliament – initially the holdover Supreme Soviet (1989-1990) and then the legislature elected in the spring of 1990. Neither came close to enjoying the popularity of the president. Ter-Petrosian at that time represented the will of the people – the basis of his political power was not really a party. Rather, it was a “movement” that stood above politics and claimed to represent all Armenians. Gradually, his policies diverged from the promises made during the populist phase of his rise to power.203 The courts and the legislature had to be pliant, subordinating themselves to the will of a man who represented the people’s will. Initially, the courts were appropriately deferential, but the legislature was more rebellious. In this regard, 1994 proved to be the

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201 Sona Trouzian, “President Levon Ter-Petrossian’s Speech at the 9th ANM Congress,” Noyan Tapan Highlights, 17 July 1997.
202 For an overview of some of the problems that have shaped the democratic transition of post-communist countries and an assessment of the current debates, see Beverly Crawford and Arend Lijphart, “Old Legacies, New Institutions: Explaining Political and Economic Trajectories in Post-Communist Regimes,” in Liberalization and Leninist Legacies: Comparative Perspectives on Democratic Transitions, ed. Beverly Crawford and Arend Lijphart, Research Series no. 96 (Berkeley: University of California at Berkeley International and Area Studies, 1997), 1-39. The whole volume is obviously valuable.
203 For a definition of “delegative democracy,” see Guillermo O’Donnell, “Delegative Democracy,” Journal of Democracy 5, 1 (January 1994): 59-60. O’Donnell writes: “Delegative democracies rest on the premise that whoever wins election to the presidency is thereby entitled to govern as he or she sees fit, constrained only by the hard facts of existing power relations and by the constitutionally limited term of office. The president is taken to be the embodiment of the nation and the main custodian and definer of its interests. The policies of his government need bear no resemblance to the promises of his campaign—has not the president been authorized to govern as he (or she) thinks best? Since this paternal figure is supposed to take care of the whole nation, his political base must be a movement, the supposedly vibrant overcoming of the factionalism and conflicts associated with parties.”
turning point in the development of Ter-Petrosian’s brand of authoritarianism. Finally, with the rigging of the 1995 parliamentary elections and the fraudulent 1996 presidential elections, Armenia joined the ranks of what political scientist Larry Diamond has called “pseudo democracies.”

There is a clear and important distinction between illiberal electoral democracies and pseudo democracies… The former are more or less troubled, weak, and hollow in their democratic institutions. Nevertheless, they meet the Schumpeterian conditions for electoral democracy. However concentrated state power may be in abusive executives and however brutal and rampant may be the human rights violations of state security forces (and their guerrilla nemeses), electoral competition is real and its outcome uncertain. By contrast, as one moves toward the rim of the former Soviet Union, Africa, parts of Asia, and the Middle East, elections themselves become increasingly hollow and uncompetitive, a thin disguise for the authoritarian hegemony of despots and ruling parties.204

If it is true that responses to decline and crisis in various organizations and institutions are, as Albert Hirschman has famously argued, “exit, voice, and loyalty,” then the reaction of the Armenian people to the Ter-Petrosian regime followed a distinct pattern.205 Until the violent repression of 1996, exit (in the form of mass emigration) and voice best represented Armenians’ responses. Close to 800,000 had left the country by the time Ter-Petrosian resigned.206 Once the opposition was crushed, there was little voice left.

Was there, then, loyalty? On the part of a few, certainly. But loyalty was the weakest leg of the regime’s support. For many, loyalty manifested itself in voice, but voice in the form of public opposition to Ter-Petrosian’s policies. When voice failed, and many found they could not leave Armenia, what replaced loyalty was what a sociologist writing about the relationship between migration and participation has called “autism” – alienation, isolation, and disempowerment.207

Armenia’s post-Soviet political experience shows that a constitution can provide a president with extraordinary formal powers but, if the holder of the office lacks legitimacy

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and finds that his policies are rejected by both the political elite and society, in practice he will be extremely weak. In these circumstances, hyperpresidentialism will prove an empty shell.\textsuperscript{208}
