A break with the past?
State and economy in post-communist Armenia

Ian Bremmer and Cory Welt

Despite an overture of calls for democratization, authoritarianism has become standard post-Soviet fare. Successor states have eagerly accepted this communist legacy, consolidating presidential powers to the greatest degree and codifying these arrangements in constitutions and legislation. Political stability, not reform, has been the primary goal for would-be state-builders.

While this is unsurprising in states where former Soviet elites maintained power, such an authoritarian bent was wholly unexpected in Armenia, where a popular pro-democratic party—the Armenian National Movement (ANM)—led the country to independence and has governed since. Armenia’s President Levon Ter-Petrossian has proven to be as dictatorial as any of the ex-communist nomenklatura.

The development of authoritarianism in Armenia can be attributed in part to the crises which beset the country following independence. War with Azerbaijan, an accompanying economic blockade, and near-complete industrial collapse created extreme political pressures and economic distress which undermined government control. As a result, Armenia’s leadership was increasingly inclined towards tight centralized rule.

This, however, does not explain the government’s sharpest turn to dictatorship, which transpired after the worst of Armenia’s problems had subsided. Indeed, authoritarianism was less a reaction to the crises which Soviet collapse engendered than a response to its opportunities. Armenian elites discovered the considerable benefits which centralized rule can bring to those building a state from scratch. As their influence and personal wealth increased, the consequences of losing power became all the more extreme. The government thus took measures to preserve the ANM’s political hegemony and attendant economic rewards.

Merging interests: The ANM and economic power
The Armenian National Movement broke onto the scene in May 1990 when it won 35 percent of seats in the Supreme Assembly. Dissident involvement, not professional experience, quickly became the benchmark for government service. The posts of parliamentary chairman and Prime Minister were occupied by ANM members by summer’s end, and most other key positions followed. Dispirited from the collapse of their system, many Brezhnev-era communist party officials voluntarily withdrew from power. Those who attempted to stay were purged summarily. While communists were not entirely absent from government, those that remained were largely products of perestroika.

Levon Ter-Petrossian began his political career as a founding member of the Karabakh Committee, the republic’s leading force for political and econo-
mic reform. In 1990, as a member of the ANM, Ter-Petrossian gained a seat in the Supreme Assembly and was chosen to serve as parliamentary chairman. On 16 October 1991, he was elected President of the Republic of Armenia.

Ter-Petrossian's electoral platform was ambitious, including the liberation of Karabakh from Azeri rule, sweeping market-based economic reform, democratization, and the normalization of relations with Armenia's neighbours. But after his election, this agenda encountered serious hardship. Most problematic was the Karabakh war, which consumed scarce resources, produced casualties in the thousands, and brought about a blockade which cut off practically all sources of gas and electricity for nearly three years. Moreover, with the collapse of the Soviet military-industrial complex, Armenian industrial production — nearly 70 percent of the republic's Soviet-era GDP—plummeted. The effect on the economy was extreme: GDP fell by 52 percent in 1992 and a further fifteen percent the following year.

Facing severe crisis, the President focused on political stability. In foreign affairs, this meant coordinating policy with Russia (which provided material for the war and other critical resources) as well as opening relations with Turkey—Armenia's longstanding enemy—and Iran. In domestic politics, it meant keeping a tight rein on all potential challenges to the existing regime.

But while chaos threatened the position of Armenian elites, it also provided them with unexpected benefits. With the communists purged, industry and business had been left with few leaders, and the government alone had the ability to fill the vacuum. By doling out positions to would-be supporters, ANM leaders could acquire influence among substantial groups of industrialists, businessmen, and bureaucrats whose prosperity hinged upon the political welfare of their patrons. As a result, a vast web of elites and their government and business clients emerged as the dominant political force in Armenia.

Economic mechanisms of control were matched by political ones. As pro-executive as any of the 'strongman' constitutions of Central Asia, the Armenian Constitution (adopted in 1995) permits the President wide-ranging powers to declare a state of emergency and abrogate individual rights. The President can dissolve Parliament, and freely appoint and remove government ministers, judges, and state prosecutors. A 1996 restructuring of local administrations—introducing a system of executive-appointed marzpets (governors)—marked another shift towards absolute presidential rule.

The legislative branch — a potential venue for opposition — was further undermined in the first post-independence elections to the Supreme Assembly in July 1995. Arbitrary disqualification of opposition candidates and parties, reports of fraud, and invalidation of one-third of all votes cast led international observers, including those of the OSCE, to characterize the elections as 'free but not fair'. The results, unsurprisingly, heavily favoured pro-government forces. The ANM and its allies controlled 91 of the total 190 seats. Pro-government independent candidates expanded the government bloc to 125; the