



ARMENIA'S FOREIGN AND
DOMESTIC
POLITICS
DEVELOPMENT
TRENDS

**ARMENIA'S FOREIGN AND DOMESTIC POLITICS:
DEVELOPMENT TRENDS**



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PREFACE

This book is a result of research cooperation between the Caucasus Institute and the Aleksanteri Institute in the framework of the project “The South Caucasus beyond Borders, Boundaries and Division Lines: Conflicts, Cooperation and Development”. The project was implemented within the Wider Europe Initiative (WEI) and was funded by the Ministry for Foreign Affairs of Finland. However, the views expressed in this book are solely those of the authors.

In this project, two events were organized in Yerevan on October 10 and 11, 2011: an international seminar and a public roundtable discussion, both entitled “Across the Great Divide – Prospects for Regional Development beyond the Closed Border.” On April 8, 2011, Dr. Sergey Minasyan delivered a guest lecture at the Aleksanteri Institute, on the topic “The Current Stage of the Karabakh Conflict - Armenian Perspective.” Prof. Alexander Iskandaryan and Richard Giragosian participated as invited speakers in the final seminar of the project in Helsinki on October 31, 2012.

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ARMENIA'S FOREIGN POLICY: WHERE VALUES MEET CONSTRAINTS

By Alexander Iskandaryan

1. THE DOCTRINE

The official foreign policy doctrine of Armenia is called “complementarism”; the idea at the core of this approach is that various foreign policy dimensions can and should complement each other and need not be perceived as mutually exclusive. Complementarism has, in a way, become Armenia’s trademark, making the country different from those post-Soviet republics which have opted for a particular foreign policy orientation, such as Georgia with its widely advertised “pro-Western” stance and Belarus with its explicit “pro-Russian” or “anti-Western” orientation. Other post-Soviet countries beside Armenia have also adopted versions or elements of complementarism; e.g. Kazakhstan’s “multi-vector foreign policy” bears similarities to Armenia’s approach. In contrast to the orientation model, implementing a complementary policy involves carefully balancing between external players; some experts have called this approach “sitting on the fence” and pointed out the precariousness of this position.¹ In the existing political and geographical reality, the main practical advantage of Armenia’s complementary foreign policy has so far consisted in allowing the country to avoid making one specific choice: that between Russia and the West. For twenty-plus years, Armenia has been an illustration to the (rather unpopular) premise that being pro-Western does not require being anti-Russian, and likewise, being pro-Russian is not necessarily synonymous for being anti-Western.

On a day-to-day basis, the choice is not easy to avoid and the equilibrium remains fragile. Given the tense competition between global and regional players in the South Caucasus, Armenia’s failure to make up its mind makes the West regularly criticize it for being pro-Russian, whereas Russia frowns at each move that Armenia makes in the pro-Western direction. The benefit of the openly declared complementarism is that neither the West nor Russia considers Armenia a hostile actor; one can say that in contrast to the orientation model, complementarism does not enable a country to make many friends, but allows it to avoid making enemies. Indeed, in the eyes of the West, Armenia still looks nothing like Belarus, and at the same time, Armenia’s relationship with Russia is not marred by the convolutions and tensions that have become typical for Russia-Georgia ties.

The balancing game began the moment Armenia was established as a sovereign state in 1991. Armenia’s first government was openly pro-Western and anti-Communist, a natural development given Armenia’s tense confrontation with Moscow in the

1 Minasyan, Sergey. “Multi-Vectorism in the Foreign Policy of Post-Soviet Eurasian States.” *Demokratizatsiya*, Vol. 20, No. 3. Summer 2012.

<http://www.questia.com/library/1G1-303011782/multi-vectorism-in-the-foreign-policy-of-post-soviet>

years leading up to the disintegration of the USSR. What began as a dispute over the fate of Nagorno-Karabakh, an Armenian-populated enclave in Soviet Azerbaijan that aspired to unification with the Soviet Republic of Armenia, soon evolved into a mass movement of Armenians for independence from the USSR. Back then, the Soviet army supported Azerbaijan in the territorial conflict over Nagorno-Karabakh, whereas the Soviet political authorities did their best to crush Armenia's growing independence movement. In late 1988, the leaders of Armenia's 'Karabakh Committee' were arrested and flown to Moscow where they were held in jail until May 1989. Very shortly, these same men were going to become the core of independent Armenia's first political leadership; Armenia's future first president Levon Ter-Petrosyan was one of them. In 1991, his government would launch large-scale liberal reforms and welcome cooperation with the West in every sphere.

Seen in retrospective, the outspokenly pro-Western first government of newly independent Armenia was also one of the most, if not *the* most pro-Russian in the former USSR. Although complementarism did not become Armenia's official policy doctrine until much later, it took effect on the ground once the USSR disintegrated, with Levon Ter-Petrosyan rising to power in Armenia and Boris Yeltsin in Russia. Tensions with Moscow were forgotten overnight, the slate was wiped clean, and the relationship between Armenia and Russia became almost idyllic. The fact that the two presidents were on very good terms may have played a part, but could not have been the decisive factor: there were practical issues at stake.

By 1992, Armenia and Azerbaijan were fighting a full-scale war. In the first decade after the disintegration of the USSR, all wars on its former territory were fought with Soviet (and later Russian) weapons: the newly independent post-Soviet states simply had nowhere else to go for arms, ammunition, technical assistance or fuel but to the Russian army. The NATO alliance, or any other bodies or countries, were not present or involved in the South Caucasus, whereas the old Soviet military bases and networks were still within easy reach. Its newly found friendship with Russia did not just provide Armenia with a source of military power but also with a security umbrella. As long as the former Soviet, now Russian army base was located on Armenia's territory, Armenia could feel secure that its powerful neighbour, Turkey, despite its proclaimed solidarity with Azerbaijan's cause in the conflict over Nagorno-Karabakh, would not become directly engaged in the warfare. The potential risks of ruining the relationship with Russia were clearly more than Armenia could afford; as a result, Armenia's first leadership immediately began learning to be pro-Western and pro-Russian at the same time.

The Western dimension never ceased to be a priority; Armenia began to actively engage with European and U.S. bodies the moment it was technically possible, i.e. right after the 1994 ceasefire in Nagorno-Karabakh. However, although now involved in EU and NATO projects and activities on a par with neighbouring Azerbaijan and Georgia, Armenia also made sure to institutionalize its cooperation with Russia. In the military sphere, Armenia's complementarism is perhaps the most vivid: whereas its institutional engagement with the NATO is the same as that of the other two South Caucasus states (in the form of the NATO Individual Partner-

ship Action Plan and involvement in NATO peacekeeping operations in Kosovo, Iraq and Afghanistan), Armenia is also a member of the Collective Security Treaty Organization (CSTO), a Russia-led military alliance that also includes Belarus and three Central Asian republics. For all these years, the Russian army base has continued to operate on Armenia's territory. Arguably, the military sphere is also where Armenia's complementarism has been most effective: to date, Armenia is the only country in the South Caucasus which fully controls its territory, whereas the conflict over Nagorno-Karabakh, although still unresolved, does not flare up again despite the ongoing "cold war" and escalating arms race.

2. THE REGION

Although the South Caucasus is treated by external actors as a regional entity, and may indeed appear to be an entity when seen from afar, after remaining within the Russian Empire and then the USSR for two hundred years, the countries of the South Caucasus have become difficult for external observers to differentiate, if only because there was no need to do so. By virtue of inertia, external players usually place their policies with regard to the South Caucasus states within one paradigm, despite the apparent cultural dissimilarities. Language-wise, Azerbaijan is thus extremely close to Turkey, whereas Shia Islam brings it much closer to Iran than any other country in its region. The language spoken in Armenia is Indo-European, closer to English or French than to those of its two neighbors in the Caucasus. The Georgians are the only nation in the region to speak a Caucasian language, distantly related to languages spoken in the Russian Northern Caucasus; they also share Orthodox Christianity with the Russians. Both Armenians and Georgians consider contacts with Ancient Rome and Greece to be an important part of their histories. This list can be continued, reflecting the highly heterogeneous cultural space that from the outside, is treated as a single region.

The same degree of heterogeneity has been manifest in the political culture and political trends in Azerbaijan, Armenia and Georgia since the disintegration of the USSR.

Azerbaijan is thus very unlike its neighbors due to its rich oil reserves. Due to gigantic revenues that it gets from the sale of hydrocarbons, the ruling regime of Azerbaijan feels sufficiently secure and independent to afford a power rotation system in the spirit of Near Eastern monarchies. On the ground, Azerbaijan has even gotten rid of the basic political institutions that could jeopardize the perpetuation of the current regime, namely, the political opposition, free press and elections as a mechanism of power rotation. As a result, notwithstanding all the setbacks of democratic progress in Georgia and Armenia, these two countries are a jump ahead of Azerbaijan in terms of political development; as it has happened to many countries worldwide, oil acts as an objective deterrent to democratization in Azerbaijan. While relying on international companies to mine the oil, and on European consumers to buy it, Azerbaijan is mistrustful of Western efforts to "democratize" it that would endanger the regime's control over all spheres of governance.

Georgia is special in that it has a common border with Russia and a traumatic experience of interacting with its powerful neighbor. Back in the 1990s, when Georgia was fighting — and losing — wars in its former autonomies Abkhazia and South Ossetia, Russia was almost openly involved on the opposite side. The 2008 Russia-Georgia war brought tanks to the outskirts of Georgia's capital Tbilisi and caused Georgia to lose all remaining prospects of ever regaining its secessionist autonomies. The resulting relationship between Georgia and Russia is mistrustful at best. Combined with the geographical fact that routes for transportation of oil and gas from Azerbaijan and Caspian to the West go via Georgia, it is rather predictable that Georgia chose a “pro-Western,” or rather, “anti-Russian” orientation. This orientation is rather objective in the case of Georgia, depending very little on personalities; as long as the Abkhazian and Ossetian issues persist, Georgia will remain intimidated by its huge and powerful neighbor, even though the new government led by Bidzina Ivanishvili has been trying to tone down the hostility and enable some extent of neighborly collaboration, such as cross-border trade.

Meanwhile, Armenia does not directly border Russia; Georgia lies between the two. As a result, Armenia feels much less threatened by its former parent state, and can therefore try to place its relations with Russia within a more complicated paradigm that involves several power centers. Being landlocked in a bad way, Armenia is doomed to a multi-vector policy as the only alternative to becoming an apple of discord for international as well as regional players. With its options heavily restricted, Armenia needs to cooperate with all neighbors or non-neighbors that have any incentive at all to become involved with this poor post-totalitarian country. Just as in the cases of Georgia and Azerbaijan, this feature of Armenia's policy is determined by external objective parameters and has little relevance to the domestic political situation. For Armenia, a policy based on a quest for consensus and balance is just as justified as mistrust of Russia is for Georgia, and mistrust of the West is for Azerbaijan. As a result, the three countries of the South Caucasus are so different from one another that all external attempts to promote their integration have unsurprisingly been futile, and are likely to remain so in the near future.

3. THE GEOGRAPHIC LAYOUT

The geographic aspect of Armenia's political situation is reflected in its officially declared determination to continue sitting on the fence indefinitely. As a consequence of the conflict and war over Nagorno-Karabakh, Armenia only has political ties to two of its four neighbours. Armenian-Azerbaijani relations amount to a cold war that never stopped since the 1994 ceasefire, whereas Turkey sealed its border to Armenia back in 1993 in a gesture of solidarity with Azerbaijan. Internationally mediated formats for settling the Karabakh conflict have so far failed, as have efforts to re-establish diplomatic ties between Armenia and Turkey.

In the political reality, Armenia has only two functional neighbours, Iran and Georgia, with which it sustains overall positive relations and on which it depends entirely for communication and trade with the outside world. Roughly one-third of Armenia's

communications run via Iran and about two-thirds via Georgia, whereby lie Armenia's only routes to Russia and European countries.

Given the still-unresolved disagreements between Russia and Georgia and the open hostility between the United States and Iran, an open orientation towards one particular external player would not fail to affect Armenia's relations with the respective regional neighbour. A pro-Western orientation would jeopardize trade with Iran. A pro-Russian stance would endanger communication via Georgia. These are opportunity costs Armenia cannot afford. Instead, it bears the reputational costs of being neither here nor there, in the form of constant criticism from both Russian and Western counterparts and increasingly, from its own society which, as new generations enter adult life, tends to embrace a "European" or "American dream."

Notably, despite all impediments and perceptions to the contrary, Armenia's largest trade partner is the European Union, not Russia. However, Russia's weight remains crucial in two spheres in which the first is military security, which could well be decisive on its own, and the other is investment, first and foremost in energy production. For a developing post-Communist state like Armenia, foreign investment is obviously crucial for economic growth and reform. However, since Armenia is small, landlocked and lacks significant mineral resources, Western businesses or international corporations have very limited incentives for investing in it. Armenia's domestic market of about three million people is not large enough to justify exuberant transportation expenses: with the direct route to Europe shut off by the sealed Armenia-Turkey border, shipments have to take a long detour via Georgia while also invoking additional transit costs. This leads to a situation where the Armenian market is not attractive to most businesses except ones expecting to make a profit from sales to domestic consumers. Given Armenia's 3-million strong market with a rather low per capita GDP of roughly \$5,600 by PPP, such companies are neither numerous nor highly active in the market. To boost its economy, Armenia needs investors to set up businesses with an export potential²; hence, the popularity of software engineering in the country, and of other trades, such as diamond cutting, whose products are easy to move across borders.

In addition, given the still unresolved conflict over Nagorno-Karabakh and the region's generally poor reputation for stability, it is a challenge to Armenia – and to its neighbours – to attract capital to industries requiring large investments but not promising rapid payback. In the case of Armenia, investment from Russia has become an acceptable solution. Russia has its own, apparently atavistic and post-imperialist motives, enhanced by the fact that it faces difficulties when trying to invest outside the post-Soviet realm. Old economic ties and surviving Soviet networks make the investment process comparatively smooth in Armenia. By now, Russian companies have invested in several key sectors of Armenian economy, first and foremost into the production of electricity, of which Armenia is the region's only exporter. By increasing production of electricity that it sells to Georgia and Iran, Armenia can hope to develop other industries. Russian investment thus serves to boost the energy export potential of a country that has no hydrocarbons of its own.

2 Chatschatrjan, Arutjun. 2004. "Wirtschaft und Politic in Armenien." *Diaspora, Öl und Rosen. Zur innerpolitische Entwicklung in Armenien, Aserbaidschan und Georgien*. Berlin: Heinrich Böll Stiftung, pp. 161-178.

The fact that Russian investment is apparently politically motivated is an acceptable challenge that falls within the logic of complementarity. Political incentives lead to investment on a scale that a country with Armenia's constraints can never hope to attract for purely economic reasons. On a scale comparable with Russian business, investors from no other country have had the incentives to commit to Armenian markets. The political costs to Armenia are largely reputational; despite popular apprehension, economic cooperation with Russia does not strongly affect Armenia's domestic politics. Russia is not particularly concerned with the domestic policies or reforms that are being implemented in Armenia as long as Armenia commits to remaining under Russia's military wing and does not openly proclaim a pro-Western orientation. Armenia, meanwhile, has a number of constraints, apart from Russia's wishes, that prevent it from adopting a political orientation of any kind. And as long as the conflict over Nagorno-Karabakh remains unresolved and borders with Azerbaijan and Turkey remain sealed, Armenia can not opt out of partnership with Russia in the military and energy realms.

On a wider scale, military security and the transportation and production of hydrocarbons are the two primary spheres in which Russia exerts influence over the former Soviet republics. As to the impact of Russian presence in these spheres, it varies noticeably across the former USSR. For some post-Soviet states, Russia's security involvement has become a heavy burden, with grave repercussions for domestic politics. For example, Russia successfully manipulates some countries, such as Ukraine, using energy prices as a lever; some countries, among which Georgia is the most vivid example, were even subjected to Russia's military pressure. Contrastingly, other post-Soviet countries are — to varying degrees of success — using Russia's presence to their advantage and even benefiting from Russia's geopolitical ambitions. Specifically, Armenia uses its 'complementary' approach to exploit Russia's atavistic post-imperialist ambitions to the extent that they coincide with Armenia's aspirations. This is a rather ambitious task; however, recent history has revealed cases when a country created a paradigm for cooperating with two global powers in the midst of a cold war, one of which was that country's former parent state. For example, starting from the end of World War II and until the disintegration of the USSR decades later, Finland was part of the Western world but made allowances for the Soviet Union, taking the strategic interests of its powerful neighbour and former imperial centre into account while preserving its own sovereignty, and even found ways to benefit from this situation.

The reasons why some countries suffer from Russia's engagement and some manage to benefit from it are certainly quite complex; an educated guess is that each specific country's geographic situation may play a part. Specifically, in the case of Armenia, a possible factor is that, unlike Georgia, Armenia does not have a common land border with Russia. Therefore, in contrast to Georgia, Armenia does not experience many of the fears or complexes that are typical for a small country directly bordering the former territorial empire that had dominated it for centuries.

4. THE EUROPEAN DIMENSION

Naturally, orientation toward and relations with non-European countries and cultural realms affect the prospects of a country's integration with Europe. One can argue, as many experts do, that Armenia's lack of a pronounced pro-Western political orientation and its refusal to acknowledge the exclusive status of its ties to the West can hinder Armenia's prospects for integration with Europe. Additionally, in contrast to Russia, European bodies place very specific demands on the domestic policies of partner countries, making integration and cooperation contingent on the implementation of reforms and commitments to democratic standards. In this aspect, Armenia is under much stronger pressure from Europe than from Russia.

However, provided that the progress of Armenia's technical cooperation with Europe continues, Armenia's "geopolitically ambivalent" status may, paradoxically, pave the way to a more profound if rather slow integration of Armenia into the European realm. By playing its rather intricate game of complementarism, Armenia is evolving an intrinsically European culture of balancing between the concerns of various political entities. In Armenia's case, a consensus culture and the ability to coordinate the interests of many players and to play on many fields are not dictated by a pro-Western ideological paradigm or European value system, but instead, by Armenia's geographical, economic and political situation as a small, poor, landlocked country involved in a territorial dispute. Conversely, doing the right things for the wrong reasons very often works in politics; whatever their causes, consensus-making and multi-dimensionality fit European political culture very well. A tradition of avoiding external conflict and surviving in a multi-cultural and multi-player setting can bring Armenia closer to Europe even though many of the players in its game are anything but European. The constant need to connect and coordinate policies so as to avoid clashes between domestic and external players is making Armenia rather good at *modus vivendi*. In the context of European integration, this means taking consistent steps towards institutional cooperation with Europe while carefully avoiding any declarative moves or ideological rhetoric that could make Russia nervous.

As to its institutional format, Armenia's integration with Europe dates back to the EU-Armenia Partnership and Cooperation Agreement (PCA) that laid the legal basis for the mutual relationship, regulating economic, social and other ties between the EU and Armenia.³ The PCA came into force in 1999, in the same year as the European Union's PCAs with Azerbaijan and Georgia. The EU-Russia PCA was signed two years earlier. Armenia and Azerbaijan have been members of the Council of Europe since January 2001. Since 2004, Armenia has been included in the European Union's European Neighbourhood Policy alongside fifteen other countries neighbouring on the EU, including former Soviet republics, Balkan and Northern African states. In 2005, the EU adopted a cooperation Action Plan with a special focus on democratization, anti-corruption measures and the empowerment of civil society.

3 Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Armenia, of the other part.

[http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21999A0909\(01\):EN:HTML](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21999A0909(01):EN:HTML)

In 2008, the EU announced the prospective launch of a new initiative: the Eastern Partnership project, or EaP, that would involve only six post-Soviet countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The EaP is one of the components of a new approach to the EU neighbourhood launched in 2009 in Prague. The approach envisions Europe's cooperation with its neighbours on a regional scale; alongside the Eastern Partnership, it includes the Northern Partnership, the Mediterranean Union and Stabilization and Association Agreements implemented with various Balkan countries. In May 2011, the Eastern Partnership project acquired its own parliament, called the "Euronest Parliamentary Assembly." Euronest consists of sixty members of the European Parliament and sixty members of the parliaments of Eastern Partnership member states, ten from each country.

The gradual unfolding of cooperation with the EU agrees with the overall trend of Armenia's foreign policy of "sitting on the fence." Until 2008, Armenia's second president Robert Kocharyan prioritized the country's relationship with Russia and the CSTO over that with the EU and NATO. President Serzh Sargsyan, incumbent since 2008, has adhered to a more balanced policy: according to him, Armenia does not aspire to membership in the EU or NATO but wishes to deepen its cooperation with both. While being diplomatic with respect to Russia, this stance is also reasonably pragmatic, given the fact that becoming a member of the EU or NATO is by no means a realistic prospect for Armenia, in the mid-term at the very least.

As to trends in public perceptions, they are much steeper. The general view of integration with Europe lacks the diplomatic caution of political positions while also ignoring the complexity and long-term nature of the integration process. According to a poll done in late 2004 by the Armenian Center for National and International Studies (ACNIS), 64 percent of Armenians supported the idea of EU accession for Armenia, and just under 12 percent were against it. A poll done by Vox Populi in the same year in Armenia's capital city, Yerevan, yielded an even larger number of proponents of European integration, 72 percent.⁴ The Armenians' support for EU membership reached a peak of 80 percent in 2007⁵ and has declined ever since, albeit not abruptly. According to the Caucasus Barometer produced by the Caucasus Research Resource Center (CRRC) in the end of 2011, 62 percent of respondents were in favor of Armenia's integration with the EU, and 8 percent opposed it. Trust in the EU went down to 37 percent in 2011; as many as 18 percent told CRRC they did not trust the EU.⁶ Apart from discrepancies between methodologies used by different think tanks, the decline can be attributed to the global financial crisis, which in public perceptions is strongly associated with the West, and therefore, with Europe – for most people in Armenia, the two are synonymous. In the last few years, the Eurozone crisis has come to the foreground. Should this explanation be correct, it can also serve as factual proof

4 "Poll Finds Strong Support For Armenian Entry Into EU." *Radio Free Europe/Radio Liberty. Caucasus Report*, January 7, 2005. <http://www.rferl.org/content/article/1341705.html>

5 "Armenia Says Not Aiming For NATO, EU Membership." *Radio Free Europe/Radio Liberty*, July 16, 2007. <http://www.rferl.org/content/article/1077640.html>

6 Caucasus Barometer 2011. Caucasus Research Resource Centers – Armenia. http://www.crrc.am/store/di11/CB_2011_onepager-English.pdf

of the hypothesis formulated above: that for the general public in Armenia, European integration is not so much about values as about material well-being, of which Europe is the key symbol in Armenia.

Over the years, cooperation projects with Europe unfolded stably and consistently. About half of Armenia's exports go to EU countries, more than to CIS states, even though exports to the CIS increased slightly in 2011 with the re-opening of the Russia-Georgia border. Armenia's imports from the CIS are slightly larger than those from the EU, and are growing; as per type of goods, the two are quite different, with Armenia chiefly importing consumer goods and industrial products from the EU and energy sources from the CIS. People-to-people ties have also been expanding. For example, according to official data, citizens of EU countries accounted for 39.4 percent of all tourists who entered Armenia in January-September 2012. Most European tourists to Armenia came from Germany, Great Britain, France and Italy.

As the next development of the Eastern Partnership project starting in June 2010, Armenia was engaged in negotiations of an Association Agreement with the EU, of which a key element will be the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) with the European Union. According to the to-do lists of the Eastern Partnership countries, Armenia is next only to Moldova in its progress on the way to DCFTA, followed by Georgia, and with Ukraine significantly lagging behind. Azerbaijan still has a long way to go, and Belarus does not have a negotiations agenda.

By the calculations of the European Friends of Armenia, exports from the EU to Armenia would grow by 30 percent should the Deep and Comprehensive Free Trade Area be established.⁷ These prospects create additional incentives for the Armenian elite; the Road Map for the Association Agreement and DCFTA adopted in May 2012, with an action plan until November 2013, includes reforms and improved regulations in the sphere of trade but also a section on democratic reform, human rights (improvement of the justice system and support for independent media) and efforts towards the peaceful resolution of the conflict over Nagorno-Karabakh.

Armenia originally planned to finalize negotiations with the EU by autumn 2013 and sign an Association Agreement with the EU in Vilnius in November. However, a new obstacle arose, once again brining to light the inevitability of complementary politics. On September 3, 2013, Armenia's President Sargsyan announced that his country would be joining the Russia-lead Customs Union that also includes Belarus and Kazakhstan. This decision crippled Armenia's potential progress towards an Association Agreement with Europe. In Armenia's priorities, security comes first and cannot be sacrificed to anything. When a change in external circumstances — in this case, a bend of Russia's policies in the post-Soviet space in general — made Armenia face this choice, the result was pre-determined. Whenever Armenia has to choose between security and anything at all, it has to choose security.

⁷ "EU and Armenia seek conclusion of Deep and Comprehensive Free Trade agreement in 1 year." *Public Radio of Armenia*, November 30, 2012.

<http://www.armradio.am/en/2012/11/30/eu-and-armenia-seek-conclusion-of-deep-and-comprehensive-free-trade-agreement-in-1-year/>

Despite this setback, there is no doubt that Armenia will continue its European integration efforts to the maximum extent possible under the circumstances. Just a few weeks after September 3, work was resumed on the EU-Armenia agreement on readmission and visa facilitation. Armenian officials, including the president, have since made many statements to the effect that Armenia's quest for collaboration formats with Europe will continue in various spheres. The main reason behind this policy is that it stems from the structure of Armenia's priorities and not from external factors.

5. PUBLIC PERCEPTIONS AND VALUES

An important domestic aspect of the European integration trend is the meaning that is associated with it in Armenia, and arguably in many other former soviet countries — a meaning that is quite a bit wider than integration with particular European countries and institutions. Whereas Armenian society at large is still relatively little informed about the actual process of interaction and cooperation with European bodies which is unfolding on the ground, the expression “European integration” or “integration with Europe” is mentioned very frequently by politicians and the media, most of the time in a rather positive sense. In the last decade, it has even become one of the most important keywords of Armenian domestic discourses. Arguably, the need to integrate with Europe is currently one of the least questioned policy issues, especially in the parlance of politicized intellectuals and political leaders. Meanwhile, the way it is presented by the media and perceived by the public, “European integration” does not necessarily relate to Armenia's ongoing efforts to cooperate with the European Union in the legal, economic or political realm.

For people living in Armenia as in most other post-Soviet countries, “integration with Europe” is synonymous with transition from one cultural realm into another. This transition is about de-Sovietization, but also about modernization. In this context, becoming part of Europe implies replacing archaic Soviet values and practices with modern European ones. Attraction to European values, European political culture and nation-building paradigms exists throughout the post-Communist world, especially in spheres such as democratization, elimination of corruption, establishment of rule of law, protection of human rights and creation of efficient modern institutions and mechanisms. None of this is in fact about foreign policy; this is a predominantly domestic trend, in Armenia and elsewhere. Europe comes across as a role model rather than a geographical area or political entity, and integration in this context is not about mechanisms or bodies, but about “becoming like Europe”: not integration but rather, Europeanization. When mentioned in Armenian domestic discourse, “European integration” is mostly used in this sense. Meanwhile, the two are in fact quite different things: a country can have a pro-European political orientation but no desire or intention to adopt European-values, and vice versa. This fact is well illustrated by Armenia's relationships with other countries and cultural realms: although Armenia maintains very positive relations with the United States, Iran and Russia, it would be very unusual for an Armenian citizen to wish to become an American, Iranian or Russian while also remaining an Armenian citizen

living in Armenia. Contrastingly, an average Armenian often aspires to become “a European” and does not see this option as incompatible with remaining Armenian and continuing to live in Armenia. In the public opinion, “Europeanization” is an attainable and desirable goal.

That said, one can only wonder to what extent this is about culture; the fact that European countries are rich and welfare-oriented plays a huge part in forming Europe’s attraction as a role model. In Armenia’s public discourse, the European model is viewed as the best method of achieving the material well-being of society by means of a cultural mechanism (as opposed, for example, to natural resources). Arguably, this is what makes the mechanism so attractive to poor countries like Armenia. Indeed, for many in Armenian society, European values, such as the rule of law or the protection of human rights, are not appreciated for their own sake but rather based on the assumption that they can be instrumental to achieving economic well-being and social welfare.

In reality, projected onto the developing world, the connection between affluence and democratic norms is not necessarily straightforward and is being widely debated by political scientists and economists, who usually point out that citizens of democratic nations are generally better off and more protected than people living in authoritarian regimes. The Armenians’ urge to overcome poverty can become an incentive for accepting the European value system, and vice versa, the wider dissemination of European norms can be conducive to better social welfare and the improvement of living standards. Moreover, the concept of “Europe” is also one of diversity and heterogeneity; European countries vary greatly in terms of cultures and lifestyles. This fact also makes integration with Europe look like a realistic and attractive perspective, since one can become European while also remaining Armenian.

Whatever its motivation, the aspiration that the entire Armenian nation can one day become “European” is gaining popularity in the society at large, thereby creating a powerful incentive for integration with European institutions and implementation of European standards.

6. CONCLUSIONS

The challenges remain immense. It is extremely difficult to adopt a set of values that evolved in a very different cultural context, and start using it as your own. The main hope for Armenia lies in the fact that the multi-dimensional and multi-layer quality of its foreign policies will stimulate it to evolve the kind of political culture that is characteristic of Europe: consensus-making, balancing the needs and concerns of various actors, and elaborating ground rules for the complex interaction between players with contrasting agendas.

Whatever its motives may be, support for European values — and more importantly, the introduction of European practices - in Armenia is strongly enhanced by practical steps on the road to integration, such as membership in European bodies, e.g. the OSCE and the Council of Europe, if only because the membership come with commitments in the political, legal, economic and social spheres. The commitments

specifically require the Armenian government to change domestic rules and practices, not just its relations with Europe. Once institutionalized in the form of memberships, a pro-European political orientation comes with a domestic agenda, proscribing the establishment and reform of a wide variety of institutions.

Rather than stemming from an ideological orientation, Armenia's prospects for integrating with Europe thus rely on two very practical pillars: accession to European bodies and organizations, on the one hand, and the domestic institutionalization of European models and practices, on the other. The two do not necessarily develop at the same speed but are mutually stimulating. Should Armenia improve its record of human rights and freedoms, efficient institution building and market reforms, this will encourage European bodies to increase the scope of their cooperation with Armenia. Meanwhile, integration with European institutions ensures support for domestic reforms and creates a convenient framework for their implementation.

THE NAGORNO-KARABAKH CONFLICT IN THE FOREIGN, MILITARY AND DOMESTIC POLITICS OF ARMENIA: AN ASSESSMENT

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By Sergey Minasyan

INTRODUCTION

For more than a quarter of a century, the Nagorno-Karabakh conflict has been one of the most important factors influencing the political map of the South Caucasus. In February 1988, a brutal conflict for self-determination began between the Armenian population of Nagorno-Karabakh (formerly a Soviet autonomous region) and, first, the communist powers of the USSR and the Soviet Republic of Azerbaijan and then, after the demise of the Soviet Union, independent Azerbaijan.

On September 2, 1991, the people of Nagorno-Karabakh declared independence and Nagorno-Karabakh became an independent (but still unrecognised) Republic. On December 10, 1991, Nagorno-Karabakh held a referendum in which 99.89 percent of its population voted for independence from Azerbaijan. In response, Azerbaijan launched a full-scale war against the Nagorno-Karabakh Republic by 1992 that eventually led to loss of Azerbaijani control not only over Nagorno-Karabakh but also several adjacent areas.

On May 12, 1994, Nagorno-Karabakh, Armenia and Azerbaijan signed a cease-fire agreement that ended military operations in the conflict zone. The number of casualties from the conflict reached tens of thousands; hundreds of thousands suffered deportation, lost their homes and belongings, and became refugees or internally displaced persons. The ceasefire agreement has been respected until now. Negotiations for a peaceful settlement of the conflict have been underway within the framework of the OSCE Minsk Group co-chaired by the United States, Russia and France (it is assumed that, to a certain extent, the French Co-Chair also expresses the EU position) since 1992.

The society and the elite in Armenia, Nagorno-Karabakh and Azerbaijan have remained largely unprepared for compromise, however. Considering the settlement process as a zero-sum game, they have generally accused each other of escalating the conflict and complained a lack of willingness to restore peace. Other countries and international organisations involved in the negotiations do share a vision of the future and frequently pursue their own interests. As a result, negotiations over the Karabakh conflict have given the impression of a permanent *déjà vu*.

This paper considers the Nagorno-Karabakh conflict in the broad context of domestic and foreign policy of Armenia, taking into account its main military-political aspects as well. The aim of the paper is a general assessment of the current stage and dynamic of this conflict in order to answer the most important

question: the position of the Karabakh conflict in the foreign, military-political and domestic politics of Armenia.

CURRENT STAGE AND DYNAMICS OF THE NAGORNO-KARABAKH CONFLICT

In June 24, 2011 (in Kazan) and on January 23, 2012 (in Sochi), through Russian President Dmitry Medvedev's personal mediation, the presidents of Armenia and Azerbaijan held two meetings, but Russian President Dmitry Medvedev's mediated efforts failed utterly. Despite active preparation by OSCE Minsk Group mediators, Baku dismissed the Russian president's proposals. These meetings showed quite clearly once again that achieving a compromise settlement is still complicated. Relations between Armenia and Azerbaijan have been further aggravated by the extradition and consequent pardoning and promotion of Azerbaijani serviceman Ramil Safarov, who murdered Armenian Lieutenant Gurgen Margaryan, in his sleep during a NATO foreign language course in Budapest in 2004. In August 2012, Safarov was extradited to Azerbaijan, where he was pardoned by President Ilham Aliyev, greeted as a national hero, promoted to the rank of major, and was awarded an apartment as a gift from Azerbaijani Ministry of Defence and over eight years of back pay which once again demonstrated a stalemate in the negotiation process for the peaceful settlement of the Karabakh conflict. The parties still confess antipodal approaches. The maximum of amendments that either conflicting party is prepared to agree to by no means meets even the most moderate expectations of the political elites and/or the public of the rival party.

External factors do not work, either. The Madrid principles of the Nagorno-Karabakh conflict settlement, proposed by the OSCE Minsk Group, failed to satisfy the Armenian and the Azerbaijani parties. Each argues that in case of consent to accept them, it will have to make unjustified concessions which the public at large would never recognize. One should admit, though, Armenia has had fewer objections to the Madrid principles than Azerbaijan, because they in fact imply international legitimization of the independent status of Nagorno-Karabakh and the land corridor that connects it with Armenia. However, the main party of the conflict — the Republic of Nagorno-Karabakh — does not take part directly in the negotiations. Baku refuses to have contacts with Karabakh, preferring bilateral negotiations with Armenia, which by no means contributes to the success of the negotiations.

The international community is not happy about the lack of progress, but the very instance of negotiations is a positive factor, for it lends meaning to the years-long existence of the OSCE Minsk Group and helps to maintain the fragile truce. At the same time, the mediators have developed a belief that in a situation where the conflicting parties are not ready for any mutual compromise, any attempt to artificially accelerate the negotiation process with pressure from the outside will fail to resolve the conflict. Whipping up the adoption of a solution from outside would merely alter the format of the standoff and the existing balance of power (most probably making the situation still more volatile and explosive), and not yield any final settlement.

Moreover, in this kind of situation, coordinating any list of details that are of “secondary importance” for eliminating the effects of the conflict (territories, security guarantees, humanitarian issues, etc.) would be devoid of any practical meaning in the absence of an accord over the main problem and the root cause of the conflict — the future status of Nagorno-Karabakh, that is, without a clear answer to the question to whom it shall belong — Azerbaijan, Armenia or the people of Nagorno-Karabakh. Given the total lack of trust, there are no points of common ground on that issue, and none are likely to be achieved in the predictable future.

The international community has the resources and readiness to support the armistice in Nagorno-Karabakh, but it has no wish to make any vivid changes, let alone to force the parties into a settlement, and it will have none in the near future. In any case, the past decade has seen nothing but repeated statements and standard resolutions rubber-stamped by the leaders of the mediator countries. It looks like the world community is not very enthusiastic to get involved in settlement negotiations, for these would require major political resources with very slim chances of success. Apparently, it is preferred to leave things as they are and maintain the status quo.

Thus, the current stage in the Karabakh conflict can be characterized as a status quo situation. ‘Status quo’ is one of the key and most common terms experts and policy-makers employ in assessing the situation over Nagorno-Karabakh. It is more than natural that they assess the status quo completely in line with their political likes and dislikes. However, the main characteristic of the status quo, regardless of its politicized estimates, is that in the near future, it will be simply predictable and will have no alternative. This is so because it merely reflects the complex internal and external military, political, economic and other sort of balance. Both the international community and the conflicting parties to the conflict with all their unwillingness to compromise (and inability to essentially change the balance of power) do not have anything better to offer.

It seems that, regardless of the wish of the external actors, the present situation over the Nagorno-Karabakh conflict suits them well enough. The past more than twenty years point to the viability of the status quo which is quite important. To a large extent it is acceptable for Yerevan and Stepanakert, at least because Nagorno-Karabakh has been under Armenian control for a long time. Even though Azerbaijan lost the war in the early 1990s, it remains determined to recapture Nagorno-Karabakh by any means; it is far from reconciling itself with the more than two decades-old political reality and seeks to change it.

Therefore, Baku now has only one option at its disposal — to threaten Armenia with a resumption of fighting, to step up militarization and widen a regional arms race, publicly demonstrate the constant growth of its military spending based on revenues from the sale of energy, and to initiate repeated attacks and ceasefire violations along the front line. Azerbaijani leaders use every opportunity to mention the multi-billion-dollar military budget and large-scale procurement of new weapons and military equipment, threatening to resume hostilities virtually in no time. However, Baku has been unable to implement these threats for almost a decade. This indicates either the continuing military-technical balance, or the presence of

serious foreign policy constraints. Probably, there are both: a complex combination of military and political factors does not allow Azerbaijan to launch another military operation.

FOREIGN POLICY DIMENSION

The official Armenian approach to the Karabakh conflict acknowledges any solution which is acceptable to the Nagorno-Karabakh Republic and ensures the security and normal development to the people of Nagorno-Karabakh as an acceptable alternative of the conflict settlement. Armenia puts forwards three conditions: 1) no vertical subordination of Nagorno-Karabakh to Azerbaijan, 2) determination of a land border between Armenia and Nagorno-Karabakh and 3) international security guarantees for Nagorno-Karabakh. Armenia argues the lack of legitimacy of the Caucasus Bureau of Russian Communist Party's decision, taken on July 5, 1921 placing Nagorno-Karabakh under the jurisdiction of the Soviet Azerbaijan, and similarly does not recognize the "fact" of Nagorno-Karabakh being a part of the independent Azerbaijan, arguing that the borders of the Azerbaijan SSR were abrogated by the Act of Restoration of the Independence of the Azerbaijan Republic dated on October 18, 1991. The Armenian leadership affirms that this document has abrogated the Soviet legal and constitutional bases considering Karabakh as a territory within Soviet Azerbaijan borders. Under this approach, Azerbaijan and Nagorno-Karabakh are considered as conflict sides, and any settlement should suppose the participation of the sides a settlement of the issue with equal rights. Armenia participates in this dispute only as an intermediary and security guarantor.

Armenia also represents and provides the position of non-recognized Nagorno-Karabakh Republic through its foreign policy implementation links in the international arena. The basis for Armenia's Nagorno-Karabakh position is the idea of the legitimacy and the inevitability of its struggle for independence by applying an analogy with such cases as Kosovo, Eritrea, Southern Sudan, etc. In addition, Nagorno-Karabakh persists that two main principles of international law: the right of self-determination and the non-use of force for resolving international disputes and conflicts as the principles to be applied to the conflict, and not only the principle of inviolability of borders (because the borders referred to are administrative borders established through Stalin's arbitrary decisions and constituting a legacy of the Soviet regime).

The Karabakh authorities affirm that there is no precedent in history, when a nation, having won a war for independence and successfully built its statehood for more than two decades, out of their own free will would renounce the fruit of these hard-won achievements. In this vein, any negotiations aimed at a settlement of the conflict should, in their point of view, be conducted with the official participation of Karabakh as agreements could be implemented only with Karabakh's approval. In order to persuade the international community that the Nagorno-Karabakh Republic holds all of the principal attributes of statehood, the Karabakh authorities point in particular to the practice of forming the institutions of governance through free democratic elections, permanently monitored by the foreign observers. In 2007, then Karabakh President Arkadii Gu-

kasyan left the presidential office after two terms; in 2004, an opposition candidate was elected mayor of Stepanakert (the capital of Nagorno-Karabakh). The Karabakh leaders also consistently point out the fact that the level of democracy in Karabakh is much higher than in Azerbaijan (for example, according to the Freedom House, Nagorno-Karabakh is rated as partly free while Azerbaijan — as non free country).

From the perspective of Nagorno-Karabakh, the key issue during the negotiations should be the physical security of its population. Against the background of military actions initiated by Azerbaijan and of deportations of the Armenian population from Baku and other territories of Azerbaijan in the first half of the 1990s, as well as militaristic threats constantly emanating from Baku, Karabakh wishes to obtain undeniable security guarantees. The current security guarantee of Karabakh consists of its fortified and comfortably defendable borders, the presence of a transport corridor connecting Karabakh to Armenia, and a buffer zone around the Soviet-era administrative borders of Karabakh. With these borders, the line of potential combat contact between the Karabakh and Azerbaijan armies is restricted by the steep Mrav mountain ridge on the north and by the border with Iran on the south. This factor makes the front line several times shorter, which enables the army of Nagorno-Karabakh to withstand any offensive from the much larger army of Azerbaijan.

The position of Nagorno-Karabakh in the conflict stems from the premise that withdrawing its troops even from a single district along the perimeter of its borders would weaken the overall line of defense and — lacking a final peace treaty — increase the threat of renewed hostilities by tempting Baku to launch a military revanche under the resulting more favorable conditions. As it is, the most reliable guarantee of non-resumption of armed engagement are the fortified border that can only be breached at the price of heavy losses, combined with the uncompromising attitude of the international community which rejects a military settlement of the conflict even as a passing thought.

The point of view in Nagorno-Karabakh is that only Baku's acceptance of the independence (or a similar status) of Nagorno-Karabakh plus a pre-formulated political and legal mechanism of achieving this independence (e.g. through a plebiscite monitored by international intermediaries) and the subsequent recognition by the international community, and by Azerbaijan itself, can equivalently replace the current security guarantees.

Despite this, currently, Nagorno-Karabakh has intensified its efforts to break out of its international isolation and to take part in regional projects. It became clear that isolation from the international community only weakens the chances of establishing peaceful relations with Azerbaijan, with people in Nagorno-Karabakh developing a "besieged fortress" syndrome and feeling even less prepared to consider compromises.

The burden of the unresolved conflict, the need to maintain a military balance under the threat of renewed warfare, and the economic losses incurred by the blockade have all had their impact on the political, social and economic development of post-Soviet Armenia. The Armenian leadership has revealed that Armenia is ready to construct its foreign policy and to become engaged in regional and global integration regardless of the conflict situation. Taking into consideration the existing conflict over Nagorno-Karabakh, relations with Azerbaijan can hardly be resolved in the short or even me-

dium terms. Thus, Armenia should define its relations with other regional countries, international organizations and leading world powers beyond the basis of the Karabakh factor. Armenia's strategy proceeds from the assumption that improved conditions for regional integration and the creation of an environment conducive to mutual trust will one day pave the way for rapprochement with Azerbaijan.

The conflict serves as a foreign policy tool in order to focus international attention on Armenia, creating a demand for information about the negotiation process, and attracting economic and political assistance. In other words, Yerevan uses the Nagorno-Karabakh conflict in order to increase the geopolitical role of Armenia both in the regional and in the international arena. According to prominent expert Sergey Markedonov, "for the West, Abkhazia and South Ossetia are the puppets of the Kremlin, Nagorno-Karabakh is a different story. Many people see it as 'a small freedom-loving republic that challenged the Communist party and tyranny'. Karabakh is seen as a part of the anti-communist protest, alongside Georgia and the Baltic states... For in the West (especially the US), this is a serious argument."¹

Another component of Yerevan's policy in the Karabakh conflict is "complementarity" foreign policy: strike a balance with the interests of all external actors. According to the National Security Strategy of Republic of Armenia, Armenia's strategic partnership with Russia, its adoption of a European model of development, mutually beneficial cooperation with Iran and the United States, membership in the Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO), and its intensification of the cooperation with the NATO alliance, all contribute to the consolidation of the potential of Armenia's policy of "complementarity."²

Armenia does not have direct geographical links with Russia, but it receives major Russian investment, particularly in infrastructure sectors, by this way Moscow remunerates Yerevan for its strategic cooperation in the military-political sphere. Armenia is trying to achieve the image of a predictable partner implementing a pragmatic and balanced foreign policy, taking into account the interests of the world's leading actors and the dynamics of regional politics.

Armenian "complementarism," in order to balance between the interests of influential international actors, reminds the foreign policy approach used by Finland during the Cold War. Like Finland, forced to take into account the pragmatic geopolitical interests of the Soviet Union and the communist bloc on the one hand and the US-led Western alliance on the other in the period of the Cold War, Armenia is also trying to profitably combine the interests of Russia, the US, the EU and Iran, which largely oppose each other on other regional issues. During the Cold War, Finland played a special role in European politics precisely because of the special trusting relationships it had both with the Soviet Union and Western countries. In a similar manner, Armenia is also of special interest to the United States and European countries in the region precisely because of its special relations both with Russia and Iran.

1 Markedonov, Sergey, "Russia-Azerbaijan: A New Stand-Off", *Politikom.ru*, www.politikom.ru/article.php?id=7515, January 26, 2009.

2 *The National Security Strategy of Republic of Armenia, Chapter IV, "External Security Strategy"*, <http://www.mil.am/files/NATIONAL%20SECURITY%20STRATEGYeng.pdf>

Furthermore, the Armenian Diaspora is also a resource which helps it to implement its “complementary” policy, counterbalancing Azerbaijan in the domain of political lobbying and attracting economic and financial resources to Armenia. This resource is scattered all over the world and holds influential positions in the economic, social, cultural and political life in their various countries of residence. The three largest and most influential Armenian communities can be found in the three countries co-chairing the OSCE Minsk Group: France, Russia and the US. The political resources of the Diaspora allow Yerevan and Stepanakert to influence the approaches of external actors to the Karabakh issue, and sometimes, even manage to reconcile the seemingly incompatible positions of Washington, Moscow, Paris and Brussels. As a result, the U.S., as a co-chair of the Minsk Group, is the second largest provider of direct financial assistance to Nagorno-Karabakh, after Armenia. Russia, another co-chair, is Armenia’s main military and political ally, and the third is France — Armenia’s main lobbyist on the European scene, a country which has centuries-old deep cultural and social ties with Armenia.

MILITARY-POLITICAL DIMENSION

One of the crucial elements playing an important role in Armenia’s Karabakh strategy (in conditions of arms race escalation and war threats by Azerbaijan) is deterrence. The term “deterrence” stands for the prevention of undesirable military and political actions of one side against the other, typically less powerful one, by threatening to cause irremediable damage. During the Cold War, deterrence relied on the potential of nuclear weapons while in our case, deterrence relies on conventional weapons. Today’s military-theory treatises refer to this type of deterrence as “nonnuclear” or “conventional” deterrence. An analysis of military and technical potential and military and political interaction between the sides of a conflict reveals the asymmetry of the policy of restraining.

As a result of combat operations in the 1990s, Nagorno-Karabakh forces secured convenient geographical boundaries with commanding heights, which are much easier to defend (especially after they have been equipped with a multi-layered line of fortifications), so the Armenian parties have no rational reason to initiate combat actions. Since the threats of resuming hostilities are heard exclusively from Baku, the policy of deterrence is the choice of the Armenian sides, which raise the “price of war” in order to prevent the outbreak of new hostilities in Nagorno-Karabakh. Obviously, the priority targets of Armenian deterrence in Azerbaijan’s case are primarily based on energy production and processing facilities, routes of their transportation and the related infrastructure.

Despite the richer arsenal of long-range missiles, Azerbaijan remains vulnerable militarily and technologically because it is open to retaliatory attack on key power and industrial facilities, and also politically, in view of restrictions on its retaliation options because of Russian and CSTO (or Collective Security Treaty Organization) involvement in maintaining security of Armenia. Formally, Moscow’s bilateral and multilateral obligations (within the CSTO) in the sphere of security and mutual defense apply only

to the internationally recognized borders of the Republic of Armenia, but not to the territory of Nagorno-Karabakh. However, it is likely that in the context of the region's extreme militarization and the radicalism of the conflicting parties' positions, combat operations would not be confined to the territory of Nagorno-Karabakh alone, but may escalate along the border between Armenia and Azerbaijan. Failure to honor bilateral and multilateral obligations to provide military assistance to Armenia would cost Russia the reputation of a reliable partner, would discredit the CSTO as a military-political organization, and could trigger the loss of Russia's sole military and political ally in the South Caucasus.

Armenian armed forces are capable of bringing devastation to industrial, infrastructural and communications centers deep within Azerbaijan's territory; over the long-term, this would be a very negative factor in its economic and political development. The Armenian army has at its disposal large-caliber multiple launch rocket systems (MLRS), as well as tactical operational missile systems 9K72 "Elbrus" (or SS-1C "Scud-B" in NATO classification) and tactical missile systems 9K79-1 "Tochka-U" (SS-21B "Scarab").

Consequently, the Azerbaijani military and political leadership is faced with a stark choice. Azerbaijan may opt to launch full-scale attacks, which will result in the use of heavy artillery, MLRS and tactical and operational-tactical missiles by all the conflicting parties. This would definitely entail enormous casualties and material losses, ruin the entire energy and communications infrastructure of Azerbaijan without any guarantees of a quick victory or a blitzkrieg

Azerbaijan's other option may be to refrain from using large-caliber MLRS and tactical missiles in the hope that Armenia will do the same in the event of renewed fighting, but that seems improbable. And even if one assumes such a possibility, Azerbaijan will have to confine itself to frontal attacks against the fortification lines which have been strengthened for the past two decades with a heavy emphasis on the commanding heights, mainly controlled by Nagorno-Karabakh forces. In that case, the fortification lines per se appear a no less effective and efficient deterrent against Azerbaijan: attempting to break these fortifications in the Battle of Stalingrad-style would entail heavy losses to the Azerbaijani army (numbering not even thousands, but dozens of thousands of lives). One must also take into account that conventional deterrence includes not only the ability to cause unacceptable damage to the likely enemy, but also features an important role factor which military-strategic science calls "deterrence by denial," i.e. the deterrent effect is achieved because the likely initiator of combat operations is aware that a quick and decisive victory is anything but guaranteed.

It is obvious that from the military point of view it is very difficult for Azerbaijan to choose between these two options. The price of war will be too high, and its prospects, uncertain. Therefore, it appears that the Azerbaijani military and political leadership has only one possibility, which it is trying to use wisely — to accelerate the regional arms race, hoping to bleed Armenia and Nagorno-Karabakh economically and politically.

However, unlike Azerbaijan, Armenia is able to maintain an asymmetric parity in the arms race at the expense of free and discount supplies of armaments by its military and political ally – Russia, as well as the benefits from its CSTO membership. The equipment that Azerbaijan has to buy Armenia often gets almost for free, thus, increasing its military-technical deterrence capability.

Therefore, the asymmetric arms race in the Nagorno-Karabakh conflict zone raises the threshold and reduces the likelihood of an outbreak of hostilities. Of course this is no guarantee against the resumption of war, but it creates serious constraints. As long as one party to the conflict is not satisfied with its outcome, the threat of another war and attempts at revenge will be still there. Yet stability in the Nagorno-Karabakh conflict zone will be maintained by a “balance of threat” – which makes the potential enemies preserve the fragile and unstable peace as long as possible. Furthermore, deterrence policies, if effectively implemented, may in the future also create conditions for lasting peace.³

DOMESTIC DIMENSION

It is commonly accepted that foreign policy is an extension of domestic policy. But we also can oppose that: domestic policy can stem from foreign policy. For more twenty years, the domestic development of independent Armenia has been influenced by the Karabakh conflict, while its domestic reflection have had a huge impact on Yerevan’s approach to dispute settlement.

Former activists of the Karabakh movement, former combatants, or individuals who come from Nagorno-Karabakh or other formerly Armenian-populated regions of Soviet Azerbaijan make a main part of current political elite of Armenia. The influence of the Karabakh issue on Armenian politics and development is best illustrated by independent Armenia’s three presidents’ careers: Levon Ter-Petrosyan, Robert Kocharyan and Serzh Sargsyan. All of them played primary roles in the Karabakh movement.

The role of the “Karabakhi guys” and ex-combatants in the political and economic life of Armenia reached its peak during the last years of Ter-Petrosyan’s presidency. It began to decrease only at the beginning of Robert Kocharyan’s presidency, even though he himself is from Karabakh. Being a “Karabakhi man,” Kocharyan did not have enough support in Yerevan and had to include strong local actors in the bureaucracy and economic elite in the capital and provinces. From that point of view, Armenia’s political system was gradually de-militarized; frequently, a new generation of bureaucrats replaced ex-combatants.⁴

Meanwhile, the “Karabakh factor” has been losing prevalence in Armenia’s political landscape. Armenian society and elites gradually began to pay less attention to the struggle for Nagorno-Karabakh as they took for granted that Armenia already “owns”

3 See Minasyan, Sergey, “The Quest for Stability in the Karabakh Conflict: Conventional Deterrence and Political Containment”, *PONARS Eurasia Policy Memo*, Washington, D.C., No 188, September 2011.

4 See Iskandaryan, Alexander, “Armenian between Autocracy and Polyarchy,” *Pro et Contra* 15, 2-3, May – August 2011 (in Russian).

Nagorno-Karabakh. In particular, authorities can not mobilize a disgruntled electorate in their favor in the name of protecting something the country has already gained because society no longer perceives this to be a priority concern.⁵

Depending on the political situation, the authorities may take a hard line on conflict resolution while the opposition criticizes the official approach, or the opposition will label government attempts to demonstrate flexibility in negotiations as “betrayal.” That said, almost total consensus exists within Armenian society concerning the overall vision of Nagorno-Karabakh’s future.

Therefore, it is hardly probable that Armenian policy over Nagorno-Karabakh, and other main strategic priorities, will be changed according to domestic power shifts. It is sketchy to speak about break ups within the Armenian political elite on the issue: there are no doves and hawks when it comes to Nagorno-Karabakh.

A preservation of the status quo during the past few years has been evident, helped along by the 2008 Russia-Georgia war and ineffective Armenian-Azerbaijani presidential summits in Russia in June 2011 and January 2012. The latest rounds of negotiation have essentially focused on efforts to ease tension on the front line, rather than call for major advances involving mutual compromise and concession. This has reduced the influence of the Karabakh issue and its significance in Armenian domestic discourse.

Armenia’s May 2012 parliamentary and February 2013 presidential elections were clear examples demonstrating that the “Karabakh” factor has lost its place within the domestic discourse. A monitoring of campaign platforms and statements shows that the vast majority of differences among them concerned socioeconomic policy, human rights, democratization, and the effectiveness of state institutions. In foreign and security policy, particularly over the Karabakh issue, only slight strategic disagreements exist.

Meanwhile, the Karabakh conflict, as one of the important issues of Armenian foreign policy agenda, is an efficient tool for domestic political games. The opposition blames the ruling coalition for a wide variety of putative crimes in this sphere, ranging from a readiness to surrender Karabakh to a lack of flexibility in negotiations. At the same time, there is little difference among various domestic players when it comes to the overall contours of Karabakh policy, even if neither the ruling coalition nor the opposition publicly admits this. The reason for the domestic consensus may well lie in the origins of Armenia’s contemporary political elites, most of whom emerged during the war over Nagorno-Karabakh. Armenia’s elites can neither escape from their past nor ignore it in negotiations with Azerbaijan. External pressure is not sufficient for overcoming domestic resistance to a change in the status quo.

As a result, the domestic dimension of the Karabakh problem not only restricts Armenia’s policy over Nagorno-Karabakh but also strengthens it, in the sense that it is based on a consensus of all domestic political players.

⁵ For more on the subject, see Minasyan, Sergey, “Armenia in Karabakh, Karabakh in Armenia: Living with a Conflict,” *Identities, Ideologies & Institutions. A Decade of Insight into the Caucasus, 2001 – 2011*, Caucasus Institute: Yerevan, 2011.

CONCLUSION

As of today, the Karabakh conflict continues to serve as the core element of foreign, military and even domestic politics of Armenia and Nagorno-Karabakh. It has affected the entire post-soviet development of the modern Armenian state and the destiny of the people of the unrecognized Nagorno-Karabakh Republic since the early 1990s.

The conflict is also one of the crucial issues and challenges for the regional security and development trends in the South Caucasus. The interests of the parties to the conflict and of the intermediaries closely intertwine and contradict each other, pushing conflict settlement further away. However, against this background, the surviving status quo, stable military-political balance and existing process of negotiations in the framework of OSCE Minsk Group are still pregnant with producing, at some later date, long-lasting peace and stable regional security in the South Caucasus.

RUSSIA AND ARMENIA IN THE SOUTH CAUCASUS SECURITY CONTEXT: BASIC TRENDS AND HIDDEN CONTRADICTIONS

By Sergey Markedonov

AN ESPECIALLY IMPORTANT REGION

Since the dissolution of the Soviet Union, Russia has identified the South Caucasus as an area of crucial importance for its core strategic interests. The Russian Federation has claimed a special role in the geopolitics of the Caucasus, not just — and at the same time not much at all— due to its capacity and status as the successor of the USSR. Unlike the Soviet Union, present-day Russia does not pretend to play a global political role. Rather, its ambitions in the international arena and its sources of influence are strictly dependent on, and limited by, its status as a nuclear power and position as a permanent member of the UN Security Council. Russia, alongside China and others, are in the midst of a long-running dispute with the West over the inviolability of state sovereignty in times of conflict and the justification for intervention in domestic political processes (although in practice, Moscow has not always been consistent on this point - take the case of the August war of 2008, for example). While the Kremlin has not issued any relevant official policy formulations regarding the South Caucasus, Russia's policy clearly suggests a desire to assert regional leadership.

However, Russia's geopolitical strategy in the South Caucasus is not intended to produce an "imperial resurgence" or "re-Sovetization" of the region. Rather, Russia is focused on ensuring stability in the former Soviet republics of Transcaucasia as a prerequisite for Russia's peaceful domestic development and the preservation of its territorial integrity. Although it may sound exaggerated, Russia is a Caucasian state. Seven constituencies of the Russian Federation (Adygeya, Ingushetia, Dagestan, Kabardino-Balkaria, Karachay-Cherkessia, North Ossetia and Chechnya) lie within the territory of the North Caucasus and four others (the Krasnodar and Stavropol territories, the Rostov region and Kalmykia) are situated in the steppe foothills of the Caucasus. Additionally, the Black Sea shore in the Krasnodar territory and the Caucasian mineral waters region of the Stavropol territory are also part of the Caucasus region. Together, the territory of the Russian North Caucasus is larger than the three South Caucasus independent states combined. Furthermore, as a practical matter, the ethno-political tensions that have arisen in Russia's regions have been closely intertwined with conflicts currently underway in the South Caucasus.

IMPRESSIVE DAT

Moscow's policy towards Armenia demonstrates that Russia has a special interest in the maintenance of the Russian-Armenian bilateral relationship. The dynamics of this relationship look especially impressive against the backdrop of Russia's relations with the other post-Soviet countries in general, and with Georgia and Azerbaijan in particular. Many experts and policymakers both in Russia and in the West tend to see Armenia, by default, as Moscow's geopolitical outpost in the South Caucasus. Indeed, Russian officials consider Armenia as a strategic ally, differentiating it from Azerbaijan, which is defined as a "strategic partner." Armenia holds membership in the Collective Security Treaty Organization (CSTO), which many perceive as something of a "Eurasian NATO," and has observer status in the Eurasian Economic Community (EurAsEc). Moscow also wishes that Armenia will become a member of the Eurasian Union, the regional integration project proposed by then-Prime Minister and current President of Russia, Vladimir Putin, in October 2011. On September, 3, 2013 Armenian President Serzh Sargsyan proclaimed his country's willingness to be join the Custom Union and Eurasian integration in general.

Together with Armenian border guards, the department of the Russian Federal Security Service for Border Protection jointly protects the Armenian borders with Turkey and Iran. The Armenian armed forces are engaged in the united air defense system of the Commonwealth of Independent States (CIS). The 102nd Russian military base is deployed in Gyumri, Armenia and a joint Russian-Armenian military group has been established. In August 2010, Moscow and Yerevan agreed to extend the Russian lease on the base in Gyumri through 2044. In terms of economic cooperation, Russian investment comprises up to 50 percent of all foreign investment in the Armenian economy in 2012. There are approximately 1,300 companies in Armenia with Russian capital, representing more than a quarter of all foreign-backed enterprises in the country. According to Armenian President Serzh Sargsyan, "Russian business in Armenia always feels the comfort."¹ Armenia also cooperates with more than 70 Russian regions.

Russia currently hosts a large Armenian Diaspora, the largest such Diaspora from the South Caucasus in Russia. According to Russia's 2010 census, there are more than 1.18 million Armenians living in the country, making it the seventh largest ethnic group in Russia in absolute terms behind the Russians, Tatars, Ukrainians, Bashkirs, Chuvashs and Chechens. Prominent Armenians such as Ruben Dishdshyan, Ruben Vardanyan, and Alexander Akopov can be found at the highest levels of the business world in Russia.

However, Russian policy toward Armenia can not be analyzed exclusively through the framework of quantitative data. The relationship between two countries is inherently multidimensional, featuring both contradictions and complexities that speak to a much more nuanced relationship than the diplomatic statements for press and public consumption would indicate.

1 Vstrecha s Prezidentom Armenii Sergzhem Sagrgsyanom [The meeting on Armenian President Serzh Sargsyan], <http://президент.рф/news/16176>

A RELATIONSHIP WITH NO HISTORICAL TRAUMAS

Following the dissolution of the USSR, Russia and Armenia, unlike most of the other former Soviet republics, managed to avoid the issue of historical traumas including recently. It is worth remembering that while the USSR was decaying, Armenia, disappointed by the position taken by the Communist Party leadership of the USSR on the status of Nagorno-Karabakh, was among the most persistent supporters of secession along with Georgia and the Baltic countries. Unlike Soviet Azerbaijan, Armenia did not participate in the referendum on the renewal of the USSR on March 17, 1991, choosing instead to boycott the vote. In sum, a total of only four thousand people (mostly Soviet army officers and their family members) voted. However, after the dissolution of the Soviet Union, Armenia became practically the only post-Soviet independent state to prioritize relations with the new Russian Federation, irrespective of the negative legacy of the USSR and the Russian Empire. In 1992, Russia and Armenia signed the Treaty on the Joint Protection of the External Borders of the CIS and in 1995, the two countries agreed to establish a Russian military base in Gyumri on the border with Turkey with a lease for twenty-five years. In 1997, the two states signed the Treaty of Friendship, Cooperation and Mutual Assistance between the Russian Federation and Armenia. Together, these agreements created a powerful foundation for Russian geopolitical influence in the newly independent South Caucasus country.

As it is engaged in an ethno-political conflict with Azerbaijan over Nagorno-Karabakh and is cognizant of the impact of a cooperative relationship between Baku and Ankara, Yerevan was interested for pragmatic reasons to prioritize better relations with its former parent state. During the first half of 1990s, American and European interests in the South Caucasus were rather minimal. Washington and Brussels reacted calmly and positively to Moscow's pursuit of a dominant role in the region, supported its peacemaking activity (in Abkhazia and South Ossetia), and even chose not to oppose the deployment of Russian military bases in Georgia (even outside the two conflict zones themselves). Those external conditions helped Moscow to react positively to the Armenian response. At the same time, the Russian leadership was deeply concerned over the serious decrease in its influence over Georgia and especially Azerbaijan. Until 2001, Baku, and not Tbilisi, was the most problematic actor for Russia in the South Caucasus.²

² Unlike Georgia, where the Russian military presence lasted until 2006, and the state borders were protected by Russian border-keepers until 1999, the last Russian military units were withdrawn from Azerbaijan in May 1993 (the 104-th Airborne Division). The first Russian President Boris Yeltsin had never visited Baku in any official visits. Only in 2001, Vladimir Putin as the country leader made the first official visit launching the process of interstate normalization. Due to that bilateral rapprochement in 2002 Moscow and Baku signed a Treaty identified the Gabala Radar located in the Northern Azerbaijan as the Azerbaijani property, leased to Russia at an annual fee of \$7 million. However since December, 2012 this Treaty was not prolonged. Baku was not satisfied by the leasing conditions being interested to increase the payment while Moscow completed a new early warning radar station near Armavir in Krasnodar Krai on the proper Russian territory.

THE FIRST POST-SOVIET GEOPOLITICAL STATUS QUO AND THE SEARCH FOR BALANCING INTERESTS

For an extended period (at least until May 2004), Moscow's status as the exclusive mediator for conflict resolution in Abkhazia and South Ossetia ensured that its influence on Tbilisi remained intact. In the case of Nagorno-Karabakh, Russia was faced with (and still faces today) not only the issues of de-facto states and territorial secession but with a state-patron of secession that was interested, without serious preconditions, in cooperation with Moscow. This pushed the Russian leadership to "even" the level of its relationship with the South Caucasus countries. Those conditions (which could be defined as the first post-Soviet geopolitical status quo) predetermined Moscow's controversial policy approaches to Armenia. Since that time, Yerevan has been perceived as more or less a reliable ally, as well as a haven for the private and state-sponsored Russian business activities which do not require "extra creativity" from the diplomats and decision-makers in Kremlin.³ These are the reasons that Moscow did not seriously care about "geopolitical loyalty" from Armenia and began to search for ways to reconcile with Georgia and especially Azerbaijan. They were much more successful in the latter than the former. Moscow chose not to make any final decisions that would favor either Yerevan or Baku during the course of its engagement on the issue of Nagorno-Karabakh. Rather, the maintenance of the status quo became the top priority for Moscow in these negotiations. Apart the Nagorno-Karabakh, Russia and Azerbaijan were forced to cooperate due to their common border in Dagestan, which produced dangerous instability for both countries, as well as on the delineation of the Caspian Sea. This policy of "leveling" on the part of Russia created the first set of contradictions between Yerevan and Moscow that have remained significant to the present day, even expanding in recent years, as a result of new Russian-Azerbaijani military-technical cooperation and the granting of certain concessions to Azerbaijan with little clear benefit to Russia.⁴

Since the early 2000s, the first post-Soviet geopolitical status quo in the Caucasus has been often challenged and seriously revised. This was first and foremost a consequence of growing international engagement in the region from the U.S., Europe, and to a lesser extent, Turkey and Iran, the result of which was that Russia's exclusive role in the region became disputed. Secondly, the external penetration of the region by outside powers were promoted by the states of the Caucasus as they all considered it to

3 In 2005, trade between the two countries increased by more than 40 percent and in 2006, by nearly 70 percent.

4 In September 2010, Russia became the first neighboring country of independent Azerbaijan to successfully agree upon the delimitation and demarcation of their inter-state border. However, it took two enclaves with Lezgin population (Khrahk-Uba and Uryan-Uba) under the jurisdiction of Baku. It caused a new debate over the "Lezgin issue" (the ethnic group divided between the southern part of the Russian Dagestan and northern Azerbaijan). The official status of the Russian citizens living in the compact villages of Khrahk-Uba and Uryan-Uba remains unresolved, as villagers insisted their intention to retain Russian citizenship and demand their rights. Some Dagestani public organizations have accused the Azerbaijani authorities of pressuring on the villagers, forcing them to accept Azerbaijani citizenship or leave the country. On December 26, 2012, the government of Dagestan said it planned the resettlement of about 400 residents Uryan-Uba and Khrahk-Uba to this North Caucasus republic.

be in their interests, despite differing motivations. Georgia in particular exploited these external factors to minimize Russian influence and reconfigure the existing status quo in its favor. Armenia was motivated by a desire to maintain the initiative vis-a-vis Azerbaijan and not provide an opening for Baku to monopolize the issue of Euro-Atlantic integration in its favor. As a result, Yerevan pursued cooperation with Washington and Brussels in an effort to ensure that the West would not pursue a pro-Azerbaijani policy. However, August 2008 marked the qualitative break with the old status-quo and the beginning of the creation a new one. In 2008, the interstate borders within the region were officially reconsidered by Russia for the first time since 1991 and Moscow's role transformed from peace-keeper to patron of the two breakaway republics.

SHAPING THE NEW STATUS QUO: IMPLICATIONS FOR THE RUSSIAN-ARMENIAN RELATIONSHIP

On the one hand, Russia achieved a serious victory in recognizing the independence of the two former autonomous regions, as it demonstrated the limits of U.S. and European penetration of the Caucasus and the complete failure of NATO to defend its perennial ally and potential member. On the other hand, the events of 2008 dispossessed Russia of the tools necessary to pressure Georgia, pushing Tbilisi ever closer to the United States and Europe. They also promoted Armenia to pursue a more diversified foreign policy. Finding itself in geopolitical isolation (with the two of its four existing borders closed and the others with Georgia and Iran vulnerable due to the poor Russian-Georgian and Iranian-Western relationships), Yerevan was not interested in multiplying risks, thus, becoming hostage to the Moscow-Tbilisi conflict.

Moscow appeared disappointed by the official policy approaches emanating from Yerevan regarding the military campaign in South Ossetia. The Armenian government refrained from issuing unequivocal support of Russia during the August war, although naturally Yerevan did not openly criticize Russia for "disproportionate use of force." However, at the same time, Yerevan did not qualify the events of the "hot August" as "the genocide of the Ossetian people" and did not support independence of Abkhazia and South Ossetia. Moreover, following 2008, Yerevan pursued some moves of constructive policy engagement with Tbilisi. Although this series of tactics irritated decision-makers in Moscow, it helped Russian leadership maintain, to an extent, economic relations with Georgia despite these unresolved political issues. As a result of Armenian mediation, since the March 1, 2010, the checkpoint "Upper Lars" on Russia's border with Georgia was re-opened.

While it recognized the independence of the two former Georgian SSR entities, the Kremlin chose not to support the aspirations of the Nagorno-Karabakh republic and even blamed any electoral campaigns provided there by the de facto authorities.⁵ Rather, Russia has strengthened its position as a regional leader through its active cooperation with the West within the framework of the OSCE

5 The Russian Federation recognized its support for the territorial integrity of Azerbaijan [RF podtverdila podderzhku territorial'noi tselostnosti Azerbajjana], www.rian.ru/politics/20100524/237860555.html 2010, May, 24

Minsk group. As American expert Jeffrey Mankoff has rightly noted, “Russia’s mediating role undertaken in the context of the Minsk group, is strongly backed by the United States and France, the group’s other co-chairs and it is an example of U.S.-Russian cooperation in the post-Soviet region.”⁶ This format is seen by Moscow as compensation for its policy of “selective revisionism” in 2008. At the same time, this Russian approach is perceived ambiguously in Yerevan due to the fact that it appears to utilize realpolitik principles in order to reach a bargain that does not take into account Armenian national interests.

TOWARDS REALISTIC APPROACHES AND PRAGMATISM

In general, the key issue in the development of bilateral Russian-Armenian relations has been the imbalance between each state’s perceptions of the other’s policies. Yerevan typically exaggerates Moscow’s role in the post-Soviet space, although this claim has been challenged more recently given that Russian resources are not limitless. In the case of Armenia, Russia has no common border with its strategic ally, although in the modern world this is not a critical obstacle for maintaining or even increasing political influence. However, Russian-led integration projects such as CSTO and Custom Union do raise some other problems and create a variety of contradictions.

Some CSTO members (such as Belarus and the Central Asian states) maintain a low profile on security issues in the Caucasus while some others (especially Kazakhstan) have their own agenda relative to Azerbaijan and it is, therefore, questionable for them to be considered potential supporters of Armenia in the case of a conflict or renewed war scenario. The CIS played the role of an “instrument of the civilized divorce” in the post-Soviet period and has now lost both its original utility and effectiveness.

As for the Custom Eurasian Union, this project now appears to be largely a proposal for a mechanism whereby the member countries would be subsidized by the Russian budget and big business. Even if we ignore the factor of the shared interstate border, the Eurasian Union would not open revolutionary schemes for modernizing Armenian infrastructure capabilities which existed before. Beyond the framework of this project giants of the Russian business have already been active. Using the serious energy dependence of Armenia on Russia’s gas import “Gazprom” consistently increases the level of gas prices. So between 2005 and 2012 prices have grown in 4 times.⁷ Thus unlike its integration in security forums (i.e., the CSTO), Armenia prior September, 2013 did not show particular interest in participating in the Custom Union, and some of its officials even expressed skepticism about a union of countries that have no common state border. Moreover official Yerevan was interested to strengthen economic cooperation with European Union through the Association Agreement be-

6 Jeffrey Mankoff, “The Big Caucasus between fragmentation and integration,” Center for International and Strategic Studies Report. March, 2012. Pp. 10-11.

7 For some examples, “Gazprom” is the largest shareholder of “ArmRosgazprom” (80 percent of shares). The “Russian Aluminium” undertook the modernization of the “Rusal Armenal” aluminum foil plant. Russian banks play a significant role on the Armenian financial market. In 2008, “Russian Railways” signed a concession agreement on the management of the Armenian railroad.

tween Armenia and EU. However Armenia has joined the Customs Union and plans to participate in the formation of the Eurasian Economic Union. This thesis, voiced by Armenian President Serzh Sargsyan, could be considered the main outcome of his official visit to Moscow on September 3, 2013.

Moscow, being extremely jealous about any penetration into the post-Soviet space by European and American interests, showed concern about any connections between Brussels and Yerevan. It is no secret that Moscow has used leverages to exert pressure on its ally. However it would be wrong to explain the current compliance of Sargsyan solely by the “maneuvers” of Moscow.

Yerevan understands as well as the others that the European vector, with all its visual appeal today, does not compensate the role that Russia provides for the security of the country and in ensuring of the status-quo in the Nagorno-Karabakh peace process.

The EU also has a serious lack of “hard power.” In addition, the European strategic partnership with a longtime rival of Armenia — Baku — in the field of energy does not incline Brussels to accept only the “truth” of Yerevan.

Considerable risks are also associated with a possible intervention in Syria and, in particular, with the potential willingness of Turkey to intervene in the civil conflict in this Middle East country. No one can guarantee that Ankara will not act tougher against Yerevan, leaving the latter without Russian support. From hence comes the rather pragmatic choice of Sargsyan.

Nevertheless Moscow should not be celebrating a triumph. In the face of the development of this new status quo in the “Big Caucasus,” Russian leadership must be more realistic in its assessments of the motives of its strategic partners and more pragmatic, in that Moscow should give up its high expectations. Today, it must be taken as a given that as long as Moscow refuses to recognize the independence of Nagorno-Karabakh, Yerevan will not return the favor for the two former Georgian autonomous regions. Similarly, the Kremlin will not abandon cooperation with Baku, just as Yerevan will not abandon beneficial interaction with the West and Georgia. Otherwise Azerbaijan could monopolize those foreign policy directions reducing the Armenian influence. In 2008-2011 Moscow initiated and provided tri-party meetings of presidents of Russia, Armenia and Azerbaijan supported by two other co-chairs of the OSCE Minsk group. However absence of sufficient progress in negotiations and reluctance of both Yerevan and Baku to make any real compromises pushed Moscow to return to usual negotiating formats (the framework of the OSCE Minsk group or bilateral Russian-Armenian and Russian-Azerbaijani meetings and negotiations).

Thus, the task for the Russian diplomatic corps is to reach a better understanding of the complexities of the relationship while also lessening the impact of the many persistent and pervasive phobias, fears, suspicions and misunderstandings. Since the dissolution of the USSR, each has benefitted from cooperation with the other. Today, it is critical for both sides to strengthen the mutual advantage inherent to their cooperative relationship by discarding unnecessary jealousy and emotion and taking into full account the true motives of their partner.

The Outlook for Armenian-Turkish Normalization

By Richard Giragosian

INTRODUCTION

Throughout much of history, the South Caucasus has served as an arena for the competing interests of much larger regional powers and rival empires. Since the collapse of the Soviet Union, the three small countries in the region, Armenia, Azerbaijan and Georgia, have once again emerged as arenas for competition between more powerful states, as Russia, Turkey and Iran have sought to exert their own influence over the region. Even more significantly, the South Caucasus continues to face a daunting combination of historical legacy and current conflict, posing fundamental threats to the future development of these three infant states.

Against this backdrop of regional insecurity, the three states of the South Caucasus region remain burdened by a difficult course of economic and political reform, systemic transition and nation-building. While the region continues to struggle in overcoming a shared legacy of constraints and challenges stemming from seven decades of Soviet rule, it is not only the external pressure from competing greater powers that has tended to mark this region as an arena for confrontation. The lack of a common shared vision, exacerbated by the conflicts and division between the three states, also pose a fundamental challenge to longer term development. Moreover, the deeper regional fragility and vulnerability also stems from profoundly destabilizing unresolved conflicts.

Although the lingering “frozen” conflicts of the South Caucasus have fostered greater international attention and external mediation, the real prerequisites for regional security and stability are rooted more in internal issues. More specifically, for the South Caucasus, the internal imperatives of legitimacy, leadership and statesmanship are the most essential ingredients for durable security and stability. And it is clear that the institutions of democracy matter much more than any individual democrats for real democratization. Consequently, it is the leaders themselves who hold the key to their future. But over the long-term, there is an obvious need for more attention on regional reintegration. Within this broader context, the possible “normalization” of relations between Armenia and Turkey offers one of the few positive trends in the region in recent years, and holds the promise for a significant reconfiguration of the regional landscape, while potentially overcoming deeper obstacles toward regional re-integration and longer term stability.

ARMENIA-TURKEY: RENEWED OPTIMISM

Since the historic, first-ever reciprocal visits of the Armenia and Turkish presidents to each country in what became known as “football diplomacy,” the once promising “normalization” process has dramatically stalled. Although capped by the signing of two groundbreaking diplomatic protocols by the Armenian and Turkish foreign ministers in October 2009, official state-level engagement is suspended, with each side seemingly retreating to their previously hard-line positions. Yet against this backdrop, there are renewed signs of optimism, as several factors are now driving both Armenia and Turkey to reengage and return to negotiations.

More specifically, this optimism stems from two major drivers. First, for Armenia, the onset of a new dynamic political transition offers a fresh opportunity for a greater degree of political will and a chance for recently re-elected Armenian President Serzh Sarkisian to craft his own legacy. And second, for Turkey, a return to diplomatic engagement with Armenia is now accepted as a crucial step to meet broader Turkish strategic aspirations of becoming more of a regional player. And on a deeper level, Turkey is also driven by its perception of mounting pressure over the Armenian genocide, as momentum builds toward 2015, the 100th anniversary of the genocide, representing another incentive for Turkey to seek a “restart” in its engagement of Armenia.

Yet even in light of such renewed optimism, the outlook for Armenian-Turkish normalization remains largely dependent on Turkey. And as both perception and policy in Armenia is now steadfast in waiting for Turkey to make a first move, there is a need to rearticulate the shared benefits of normalizing relations and re-opening the closed border. Further, in a broader context, the risk is another missed opportunity, whereby Turkey fails to engage soon enough and Armenian patience lessens, which will only make the next stage of diplomacy even harder and more difficult. But just as the outlook for normalization largely depends on strategic calculations in Ankara, the Turkish side may actually consider a return to the stalled normalization process sooner than expected. Such a scenario stems from the fact that as the launch of the initial Swiss-mediated secret diplomatic talks between Armenia and Turkey were based on a Turkish reassessment of its strategic national interests, the scale and scope of challenges facing Turkish foreign policy today may trigger yet another reappraisal. Such a reappraisal of Turkish foreign policy stems from the daunting and complex longer term obstacles facing Turkey, as evident in recent developments in neighboring Syria, over the Iranian nuclear program and from the heated confrontation between Turkey and Israel, for only some examples. These foreign policy challenges, which many in Turkey criticize as an overly ambitious bid to project Turkish power and influence, have also emerged as an underlying cause of dissent driving the recent wave of demonstrations against the Turkish government that erupted in May 2013.

In this context, the lack of any clear or immediate success in Turkish foreign policy may actually result in reengaging Armenia, with normalization offering a more immediate gain, without the long-term investment and political capital required in overcoming the more complex challenges to Turkey in charting a course in dealing with the Syrian, Iranian and Israeli issues, for example. Moreover, the suspension

of the normalization process has also damaged Turkey's proclaimed strategic policy of seeking "zero problems" with its neighbors. Seen as a failure, the breakdown in normalization has also damaged Turkish Foreign Minister Ahmet Davutoglu, posing new doubts over his political vision and even his personal sincerity. Yet of course, any such return to the normalization process will not be that easy and not without its own unresolved challenges, inferring a more sophisticated Turkish policy of sincerely engaging Armenia, facing the genocide issue more honestly and openly, and recognizing the fact that the Nagorno-Karabakh conflict is no longer a direct precondition to normalizing relations with Armenia. But given the "win-win" nature of Armenian-Turkish normalization, Ankara may be able to garner a key foreign policy achievement that has so far eluded Turkey.

Nevertheless, the restart of the normalization process would now require a determination by the Turkish government to treat the Armenian issue, and all of its inherent implications, in a demonstrably more sincere manner. Only then could a second round of engagement work, especially as much of the international community sees the normalization issue quite differently than many in Ankara, as expectations remain firmly on Turkey only, with Armenia largely perceived as being consistently committed to normalizing relations. Thus, the normalization issue now stands as both a test but also as an opportunity for Turkey, but one largely for Turkey to either seize or miss alone.

OPPORTUNITIES AND OPTIONS

Looking back at the origins of the normalization process, an earlier stage of diplomatic engagement between Armenia and Turkey was launched in the 1990s. That initial effort was largely doomed to fail, as Armenia was preoccupied by the Nagorno-Karabakh conflict and Turkey was not yet ready to shift its policy away from its outright support for Azerbaijan. Yet this second, more recent stage of engagement was significantly more promising, especially as it reflected a new geopolitical context and a change in national calculation.

More specifically, the normalization process was timed with the emergence of Turkey as an aspiring regional actor, marked by a new level of activism and engagement, elevating Armenia to a new-found prerequisite to a more active and self-confident Turkey. This "rise of Turkey" was also marked by a strategic ambition far surpassing the confines of the South Caucasus region, and included a vigorous policy of strategic engagement with much of the Arab and Muslim World. This rise of Turkey has also been based more on a reassessment or renewed calculation of national interests, and much less on any strategy merely to please the US or to appease the European Union (EU). But from a broader perspective, the scale and scope of internal democratic change within Turkey has played an even larger and more significant role in driving change within the country. And in both contexts, the necessity for at least attaining normal relations with its eastern neighbor was recognized by many in Ankara.

In addition, Turkey's dynamic democratization in recent years also surpassed many expectations, demonstrating a new-found intensity that has included directly address-

ing such politically sensitive and “taboo” issues such as the Kurdish and Armenian questions, the Cyprus conflict, and even the status of gender and minorities in today’s Turkey. Moreover, under the Justice and Development Party (AKP) government, Turkey has also addressed more fundamental questions, including questions over identity and the role of Islam within both society and state. The degree of internal change has also been matched by an equally dynamic readjustment of Turkey’s strategic orientation, bolstered by the imperative to seek stability. And just as Turkish identity is very much a product of its geography and history, its strategic significance is also rooted in both geopolitics and geography, with a new recognition of the importance of engaging Armenia.

THE OUTLOOK FOR RESUMING NORMALIZATION

In the wake of the suspension of official Armenian-Turkish diplomacy, the normalization process between the two countries now remains limited to civil society exchanges and “track two” efforts that seek to “sustain the momentum” until the two sides can diplomatically reengage. Against this backdrop, looking forward, there is still a degree of hope for a breakthrough, for two reasons. First, the Armenian position of “no preconditions” toward Turkey has encouraged the normally hesitant Turkish side to move much closer toward normalizing relations with Armenia and modifying its past policy of ignoring and isolating Armenia. And generally, the Armenian policy of “no preconditions” has only helped to reassure Turkey that its policy correction was both prudent and productive. Second, recent efforts to “sustain the momentum” of Armenian-Turkish engagement through 2011 have only increased in the wake of the suspension of state-to-state talks. These efforts have included civil society cooperation, people-to-people contacts and exchanges, and Armenian-Turkish attempts at “track two” diplomacy.

OPEN BORDERS, OPEN MINDS

The issue of “normalization” must be seen in its proper perspective, as any move by Turkey to reopen the border and extend diplomatic relations with Armenia represents only the bare minimum of expectations of normal neighboring countries. In this way, even with the signing of the two protocols with Armenia, Turkey should not be overly praised or rewarded, but rather should be seen as only a first step in addressing more fundamental challenges facing Turkey, including the Kurdish and Cyprus issues and the imperative for significantly deeper reforms. Thus, for Turkey, the issue of normalizing relations with Armenia also stands a key test of Turkey’s strategic future and as an indicator in the bid for EU ascension. Moreover, for Turkey, opening its closed border with Armenia would constitute a new strategic opportunity for galvanizing economic activity in the impoverished eastern regions of the country, which could play a key role in the economic stabilization of the already restive Kurdish-populated eastern regions and thus meet a significant national se-

curity imperative of countering the root causes of Kurdish terrorism and separatism with economic opportunity.

Likewise, an open border with Turkey would offer Armenia not only a way to overcome its regional isolation and marginalization, but also a bridge to larger markets crucial for economic growth and development. In addition, the commercial and economic activity resulting from opening the Armenian-Turkish border would foster subsequent trade ties between the two countries that, in turn, would lead to more formal cooperation in the key areas of customs and border security. And with such a deepening of bilateral trade ties and cross-border cooperation, the establishment of diplomatic relations would undoubtedly follow. In this way, the opening of the closed Armenian-Turkish border could not only bring about a crucial breakthrough in fostering trade links and economic relations, but may also serve as an impetus to bolster broader stability and security throughout the conflict-prone South Caucasus. More interestingly, however, the possible opening of the border would also represent a new challenge to Armenia's internal "vested interests" and offers a fresh chance to use this transition point to more fully reform the closed political and economic systems. The closed economic system, in particular, may be weakened by the inherent competition from a possible opening of the long-closed border.

THE ECONOMIC INCENTIVE FOR NORMALIZATION

There is also an important economic incentive underlying the normalization process. More specifically, one of the most significant benefits of a possible "normalization" of relations between Armenia and Turkey stems from the economic advantages of an open and unrestricted border, lower transit costs for Armenian imports and exports, and greater access to new markets beyond the region. Each of these advantages offers Armenia an important way to overcome the limits of its geography, most notably evident in Armenia's landlocked status with no direct access to the sea and impeded market access.

For all countries, but especially for a small, landlocked country like Armenia whose borders with both Turkey and Azerbaijan have been closed since 1993, physical geography is an important determinant of a country's economic and trade potential. In addition to other important factors, such as climate, natural resources, institutional democracy and economic freedom, geography often serves as the basis for a wide range of development issues, even impacting or influencing foreign policy, defense, military posture and national security. Such a focus on the economics of geography is even more important in light of the global economic crisis, which only makes Armenia more vulnerable and dependent on limited trade routes. In fact, in terms of the possible opening of the closed Armenian-Turkish border, the benefits will also require improvements to Armenia's infrastructure, making the country's roads, railways, and airports even more essential as trade and transport routes.

THE CLOSED BORDER

Since Turkey closed its border with Armenia in April 1993, the issue has been a major driver shaping Armenian national security. Even more than the closed border with Azerbaijan, the lack of diplomatic relations and sealed border with Turkey has only deepened an already serious degree of threat misperception within Armenia, which led to an exaggerated fear of the “threat from Turkey.” Moreover, the situation also led to a public and policy view of the closed border as a “blockade,” reflecting both the severity and scale of the Armenian perception of threat. Although the term blockade usually refers to the maritime interdiction, interference and denial of trade and transport to a nation’s port and coastline, in the case of Armenia, it was seen as “encirclement,” or as a total East-West closure of Armenian land borders with both Azerbaijan and Turkey. The perception of a “blockade” of Armenia, therefore, was especially powerful as it included a full disruption of trade, transport and energy links, and its effects were magnified by the landlocked nature of the Armenian state.

While the imposition of the blockade by Azerbaijan was a natural result of the conflict with Armenia over Nagorno-Karabakh, its initial impact resulted in an immediate and devastating shortage of foodstuffs and basic commodities, an abrupt and severe energy crisis, and a period of isolation. Armenia was forced to quickly adapt to the sanctions and strove to accommodate the social and economic demands of crisis by concentrating on its sole remaining external trade link northward through Georgia. The structural effects, however, of such adaptation fostered a degree of mounting dependence on Georgian territory as its sole source for Russian energy and goods. This dependence was quickly exploited by the Georgians as transit and tariff fees quickly exceeded normal market rates. The second external trade route, consisting of a small border crossing point southward through Iran, was without the infrastructure necessary to provide an immediate alternative. The long-closed border with Iran through the Soviet period, the nature of the Iranian market and political regime, as well as the “rogue” state status of Iran all complicated Armenia’s use of the Iranian option.

Overall, the closed Turkish border (or “blockade”) with Armenia has long surpassed its utility as a coercive measure to induce concession or compromise. Not only was Armenia able to adapt, it has achieved impressive rates of economic growth. In some ways, the effect of the blockade actually unified the Armenian (and Karabakh) population. This “siege mentality” also withstood internal divisions and enhanced outward unity far beyond that of its neighbors. Although the structural effects of such an artificial economic situation tends to foster economic development that does not correspond with an economy’s natural comparative advantage or conform to a country’s normal direction of trade, the lasting impact of the blockade on the Armenian economy was far less than originally anticipated.

Yet the Turkish strategy underpinning the isolation of Armenia was far more complex than commonly accepted. Since its recognition of Armenian independence in January 1992, Turkish policy regarding Armenia was based on state policies of intimidation and coercion. To this day, the Turkish strategy toward Armenia has still been driven by a perception of Armenia verging on paranoia, wildly overreacting to every mention

of the Armenian Genocide and maintaining a stubborn state campaign of historical revisionism or denial, even as the issue has changed and softened significantly within Turkey itself. But there is more to the Turkish strategy than the historical factor, however. The closure of the border, and isolation of Armenia, also offered Turkey a tool for garnering greater regional dominance, a goal especially important from the Turkish perspective given the reassertion of Russian power in the region. Thus, the Turkish strategy of leveraging energy for regional power has been very successful. By seeking to exploit its own position as a regional energy hub, Turkey pursues a policy positioning itself as a reliable alternative to dependence on Russia or Iran as a main export route. The logic of this plan establishes the supremacy of geopolitics over economics, however, by stressing the importance to exclude any Russian or Iranian role in the transport of Caspian energy and overcoming any strictly commercial limitation or hesitation.

A TURKISH NATIONAL SECURITY ARGUMENT

One of the more ironic aspects of the win-win nature of benefits from normalization between Turkey and Armenia is the national security argument, which is based on the recognition that the opening of the Turkish-Armenian border offers essential economic support for the recent Turkish government initiated peace agreement the Kurdish Workers' Party, or PKK. It also offers an important element of broader trade, economic activity and jobs in order to combat Islamist extremism in the restive Kurdish regions of Turkey. Within a broader context, the Armenian issue has traditionally been seen as a threatening element in the deeper debate over Turkish identity, and the Turkish military has tended to be the most vocal and strident opponent whenever the Armenian issue was raised. And although Turkey remains critically sensitive to Armenian attempts to pursue international recognition of the 1915 Armenian genocide, there has been a recent trend within the military and security sector, or so-called "deep state" within Turkey, toward recognizing both the necessity and the benefits of normalizing relations with Armenia.¹ And it is this new view of the Armenian issue as an integral component of stability and security that is most profound.

The more recent record of Turkish-Armenian relations has also been blighted by both a refusal to extend normal diplomatic relations with Armenia and a trade embargo and transport blockade, imposed on Armenia in 1993 in support of Azerbaijan over the Nagorno-Karabakh conflict. Yet these very same tactics are now seen as a failure, and as part of a discredited approach that needs to be corrected. The first component of this elite originates from Turkey's leading business circles, led in part by Kaan Soyak, the co-chair of the Turkish-Armenian Business Development Council (TABDC), as well as the Turkish Industrialists and Businessmen's Association (TUSIAD), and others who see the reopening of the border with Armenia as offering new opportunities for Turkey well beyond the small Armenian market but as a means to facilitate access and lowering transit costs for broader trade with Central Asia, Azerbaijan and Iran.²

1 Amanda Akcakoca, "The EU & Turkish-Armenian Relations - A Catalyst for Change?" *Zaman*, 18 March 2005.

2 Richard Giragosian, "Turkish Military Seeks Armenian Détente," *Jane's Islamic Affairs Analyst*, 12 February 2007.

A second key element of this elite consists of a group of Western-trained young officers brought into senior posts within the Turkish military's General Staff. These Army colonels authored a preliminary, semi-official internal study in late 2006 that presented several new strategic initiatives, including a reconsideration of Turkey's long-standing hesitance toward addressing the stalemate with Armenia. This spurred a closed, internal debate among some senior Turkish military figures, most of whom were centered around Army General Edip Başer and General Staff Chief General Buyukanit, over the feasibility of a strategic opening toward Armenia.³

For Turkey, however, the potential advantage of opening its border with Armenia is rooted not simply in the benefits of trade and new markets, but centers on the economic aspects of Turkish national security. But the real test will be determined not by Turkish commercial interests, but within the Turkish military, between those who see a necessity in ending the Turkish blockade and embargo of Armenia and those that fear it. The opponents to any breakthrough with Armenia are elements from within the shadows of the Turkish intelligence community, security services and the armed forces, known by some Turkish liberals as the "deep state" that acts independently of elected governments.

The concept of the Turkish "deep state" is not new, but only surfaces at times of crises in governance. The most ominous warning came in an April 2005 speech by former Turkish President Suleiman Demirel, who not only cited the existence of a "deep state" within Turkey, but defined it as "the state itself," including the military, which "always fears the collapse of the state." He further described the "deep state" as only becoming active when the state is "brought to the verge of collapse" and noted that "they are not a separate state, but when they intervene in the administration of the state, they become the 'deep state'."⁴

But the Turkish military now sees the border issue as a tool and may even support such a move as a measure to bolster the peace process with the Kurds. In terms of Turkish security and longer term stability, the impoverished and remote Kurdish regions of Eastern Turkey pose a formidable challenge for the Turkish military. The most productive strategy in dealing with this threat is one of stabilization, through economic development. And as these Kurdish regions would be the first to benefit from border trade with neighboring Armenia, the reopening of the Turkish-Armenian border offers the only real key to stability and security. Such an economic view of Turkish national security is also essential to ensuring a more comprehensive approach to containing and combating support for extremism. This is especially critical in light of the January 2007 operation by the Turkish police that effectively dismantled an Islamist network (with alleged *al Qaeda* links) in five separate Turkish provinces. Thus, the border opening issue represents not only an economic implement to forestall the rise of Kurdish separatism, but also offers an economic instrument to tackle the roots of Islamist extremism.

3 Ibid.

4 Yusuf Kanli and Göksel Bozkurt, "Demirel: Deep state is the military," *Turkish Daily News*, 12 February 2007.

NATIONAL SECURITY COOPERATION

In general, despite a number of potentially destabilizing factors, Armenia has been rather surprisingly stable, with few incidents of unrest or instability. But in terms of the dynamic nature of security threats, in some ways, the most pressing challenge in combating crime and corruption in the future may be from the possible opening of the Armenian-Turkish border. Since 1993, when both Turkey and Azerbaijan closed their borders with Armenia, there has been no real need for border security beyond basic patrols by border guards and military surveillance. But as the pace of diplomatic efforts for a normalization of relations has accelerated dramatically between Armenia and Turkey in the past few years, there is a new need for preparation and coordination, as well as a new opportunity for cooperation and confidence-building.

If the Armenian-Turkish border opens, for example, there is an obvious need for greater numbers of border guards, customs inspectors and law enforcement personnel capable of policing the border crossing points. The new personnel will also require adequate training and new facilities to ensure border management and to supervise the expected flow of goods and people. An open border between Armenia and Turkey also necessitates a more specific response in light of the decades of Kurdish separatist terrorism in the districts of Eastern Turkey. Although there is a real danger that Kurdish terrorists from the Kurdish Workers' Party (PKK) may seek to infiltrate Armenia and attempt to establish logistical bases or safe havens on the Armenian side of the border, this same threat may actually serve to foster greater cross-border coordination and intelligence sharing among Armenian and Turkish security forces in terms of counter-terrorism cooperation. And in the wake of the 2013 peace process with the PKK, which has already triggered a withdrawal of several hundred PKK combatants from Turkey, the economic and trade from an open border with Armenia is even more essential to consolidate and strengthen the Kurdish peace process.

The potential opening of the border between Armenia and Turkey also raises fears of a new route for drug trafficking, especially given the attraction of Armenia as a drug trans-shipment point between Turkey and Iran. While the US State department has consistently recognized that Armenia is not a major drug-producing country, with the opening of the Turkish border, the country is viewed as having the potential to become a transit point for international drug trafficking. Thus, it is clear that the threats from organized crime, corruption and trafficking continue to pose substantial threats to the security and stability of the countries of the South Caucasus. But what is less clear to the governments of these countries is the need for a new degree of cooperation and coordination in combating these shared threats.

CIVIL SOCIETY AS AN "AGENT OF CHANGE"

In the absence of official Armenian-Turkish diplomatic engagement, the normalization process between the two countries now remains limited to civil society exchanges and "track two" efforts. While these efforts are important in seeking to "sustain the momentum" until the two sides can diplomatically reengage, civil society actors on both

sides need to be more empowered in order to meet their potential for becoming true “agent of change.” It is that role as an agent of change that is especially crucial to meet two specific goals: first, to sustain the momentum of normalization by forging and deepening ties between civil society organizations in both countries, while seeking to shape the political context to foster a resumption of official Armenian-Turkish diplomacy; and second, to broaden the constituency for Armenian-Turkish normalization, both in terms of geography, by going beyond the capitals and the usual cities to engage border regions and more rural areas of each country, and in terms of issues, by reaching out to other specific niche groups (energy, trade & commerce, culture, etc.).

WAITING FOR TURKEY

In terms of the outlook for normalization, the Turkish government has given no clear signs that it is ready or willing to return to diplomacy with Armenia. This reluctance by Turkey to re-engage Armenia is driven by several factors, including more pressing priorities for Turkey, such as events in neighboring Syria, problems with the Kurdish issue, and most pressing, the internal “revolution” within Turkey itself. More specifically, for several years, the Republic of Turkey has undertaken a profound strategic reorientation, driven by a deep reassessment of the very tenets of its national identity and bolstered by a combination of internal reforms and external challenges. As a model of change, Turkey continues to face its deepest and potentially most disruptive degree of change, with implications for the future of democracy in Turkey and for the course of its foreign policy. The depth and degree of change and redefinition in Turkey is also historically significant, arguably as profound and powerful as the birth pains of the modern Turkish state in 1923. In this sense, Turkey today resembles the early throes of revolution when the founder of modern Turkey, Kemal Ataturk, unleashed a bold bid to remake and retake the Turkish nation beyond its Ottoman legacy. Turkey is now, as then, engaged in a battle with itself, redefining itself and the very core of its identity.⁵

Clearly, one of the most visible driving forces behind this change has centered on the frustratingly complicated process of Turkish ascension to European Union (EU) membership. But from a broader perspective, the scale and scope of internal democratic change within Turkey has played an even larger and more significant role in driving change within the country. Democratization has assumed an even deeper context in recent years, surpassing even the most ambitious expectations by attaining a new-found intensity that includes tackling such politically sensitive and “taboo” issues such as the Kurdish and Armenian questions, the Kurdish and Cyprus issues, as well as the status of gender and minorities in today’s Turkey. Moreover, democratization for the Justice and Development Party (AKP) government has also addressed more fundamental questions, including the very meaning of Turkish identity and the role of Islam within the Turkish society and state. The degree of internal change has also been matched

⁵ For more on this, see: Giragosian, Richard, “Redefining Turkey’s Strategic Orientation,” *Turkish Policy Quarterly*, Volume 6, Number 4, Winter 2007. www.turkishpolicy.com/images/stories/2007-04-international/richardgiragosian.pdf and Richard Giragosian, “Redefining Turkey’s strategic orientation,” *Turkish Daily News*, June 24, 2008. www.turkishdailynews.com.tr/article.php?enewsid=107998

by an equally dynamic readjustment to Turkey's strategic orientation, bolstered by the imperative to address a set of external challenges. And just as Turkish identity is very much a product of its geography and history, its strategic significance is also rooted in both geopolitics and geography. This convergence of geopolitics and geography as a key driver for Turkey's enhanced strategic importance is also a reflection of Turkey's position as a stable, strong and secular state firmly anchored along the European-Middle Eastern axis.

And as Armenia and Turkey sought to reach a groundbreaking agreement on normalizing relations, including a possible reopening of the long-closed Turkish-Armenian border and the establishment of diplomatic relations, the course of Turkish-Armenian diplomacy has become both delicate and difficult, as the process has broken down since the historic visit to Armenia of Turkish president Abdullah Gul in September 2008. But the real challenge, and the real burden, now rests with the Turkish side. It was Turkey that closed its border with Armenia in 1993 and withheld diplomatic relations in support of Azerbaijan over its war for control of Nagorno Karabagh. And, most crucially, it is Turkey that remains challenged by the need to face the historic legacy of the Armenian genocide.

At the same time, the normalization of Turkish-Armenian relations also represents a strategic opportunity that Turkey may be in danger of missing, especially given a recent flurry of diplomatic threats and political posturing aimed at reassuring the nationalist camps both within Turkey and in Azerbaijan. But this issue of normalizing must also be seen in the proper perspective, as any move by Turkey to reopen the border and extend diplomatic relations with Armenia represents only the bare minimum of expectations of normal neighboring countries. In this way, even with a Turkish adoption and implementation of this normalization agreement, Turkey should not be overly praised or rewarded, as such a decision would only be a first step in addressing more fundamental challenges facing Turkey, including the Kurdish and Cyprus issues and the imperative for significantly deeper reforms. Thus, for Turkey, the issue of normalizing relations with Armenia also stands a key test of Turkey's strategic future and as an indicator in the course of the Turkish bid for EU ascension.

But at the same time, the normalization process between Turkey and Armenia offers several strategic opportunities. First, it enhances regional stability by seeking to resolve disputes by diplomacy rather than force, in contrast to the deadly lesson from the Georgian war. A second opportunity stems from the possibility of leveraging Turkish-Armenian diplomacy to renew focus on the unresolved Nagorno-Karabagh conflict, which now stands as the last remaining "frozen" conflict in the South Caucasus. And a third opportunity centers on the broader impact of normalizing relations with Turkey as an important mechanism to deepen democracy and bolster reform in each country, while also offering a new path toward region reintegration and broader development once borders are opened and trade restored. And finally, in a larger sense, Turkey's diplomatic engagement of Armenia may also help to advance Turkey's quest for eventual EU membership, especially in light of Turkey's recent launch of the new Kurdish peace plan involving a bold deal with the imprisoned PKK leader Abdullah Ocalan.

Despite the poor record of past initiatives at normalization, the potential benefits from even the most basic and rudimentary form of engagement are clearly mutual for

each country. For Turkey, opening its closed border with Armenia would constitute a new strategic opportunity for galvanizing economic activity in the impoverished eastern regions of the country, which could play a key role in the economic stabilization of the already restive Kurdish-populated eastern regions and thus meet a significant national security imperative of countering the root causes of Kurdish terrorism and separatism with economic opportunity. Likewise, an open border with Turkey would offer Armenia not only a way to overcome its regional isolation and marginalization, but also a bridge to larger markets crucial for economic growth and development. In addition, the commercial and economic activity resulting from opening the Armenian-Turkish border would foster subsequent trade ties between the two countries that, in turn, would lead to more formal cooperation in the key areas of customs and border security. And with such a deepening of bilateral trade ties and cross-border cooperation, the establishment of diplomatic relations would undoubtedly follow. Thus, the opening of the closed Armenian-Turkish border could not only bring about a crucial breakthrough in fostering trade links and economic relations, but may also serve as an impetus to bolster broader stability and security throughout the conflict-prone South Caucasus.

FROM TOTALITARIANISM VIA ELITIST PLURALISM: WHITHER ARMENIA?

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By Alexander Iskandaryan

Modern Armenia is going through a vividly manifest crisis of ideological forms of politics. Parties that put their stakes in the public resource and ideological platforms keep losing popularity from election to election. Contrastingly, parties that have no ideology to speak of and position themselves as catch-all parties with paternalistic or even populist programs are constantly on the rise. The latter is true, first and foremost, for the ruling Republican Party and the country's second largest Prosperous Armenia Party. Together, the two hold most of the seats in the parliament; neither has a consistent ideology. Meanwhile, parties with a clearly defined ideology barely make it past the threshold required to enter parliament.

Six parties have seats in the current parliament elected in 2012. The factions of the two largest ones have been growing; the ruling Republican Party, a typical post-Soviet union of bureaucrats and businessmen that also functions as a social lift for active youth, now holds 69 out of 131 seats in parliament, enough to operate coalition-free. However, it is in coalition with a single-leader entity called the "Country of Law" party, an electoral spoiler with just 6 seats, led by a "political businessman." The runner-up Prosperous Armenia Party holds 37 seats; led by Armenia's largest business operator, it is also a non-ideological single-leader party. It used to be in the ruling coalition but dropped out in 2012.

Contrastingly, the Armenian Revolutionary Federation Dashnaksutyun, a party with an ideology dating back to the late 19th century when it was first established, has been losing ground and only secured 5 seats in the last parliament, down from 15 seats in 2008. Two other parties in the ideological opposition, who barely passed the threshold with 5 and 7 seats respectively, are Heritage and the Armenian National Congress (ANC). However, the ideologies of both parties are vague, boiling down to social protest and rejection of the political system in its entirety.

As for presidential elections, ideological competition is usually replaced by mobilization of social protest. At the election in early 2013, the leader of the Heritage party, Raffi Hovhannisyan, received a very significant portion of the vote, almost forty percent, by transforming social discontent into voting in his favor — a huge contrast with the 5 percent his party received in the parliamentary election the previous year. However, a small and weak opposition party, Hovhannisyan's "Heritage" proved incapable of putting the potential gathered at the presidential election to any long-term use. It was only able to serve as an electoral battering ram.

The explanation for this fact — and the non-ideological trend of Armenian politics in general — is that establishing, from scratch, a political party that operates and enjoys wide public support year round, and not just at times of elections, involves hard work and investment; it requires human and financial resources, an expert base, media, a countrywide network of local divisions, and so on. Worse still, it requires the existence of a voter pool aware of its needs and rights to be represented, and capable of voting accordingly. In the absence of politically educated voters in post-Communist countries, it is often easier for elite groups to become political parties, like the Republican Party or Prosperous Armenia, than for political parties to become strong and efficient.

Although international experience shows that political parties built from elite groups may gradually evolve to form a genuine political system, this can take a long time or fail to happen. One source of hope for Armenia's politics is that, in the absence of mineral resources, such as oil or gas, its political system, although typically post-Communist in terms of its authoritarian trends, is coalition-based. The state has no annuity to distribute to administrations and populations; Armenia's businesses must first make their own money, and only then can the government collect official taxes or under-the-table tolls. In order to make profits without colliding at every step in a tiny market, the businesses need to delineate influence zones. In the process, businesspeople form coalitions with regional and central officials on various levels, including the highest. The system requires a coalition parliament and coalition government regardless of the technical necessity. Coalitions exist on every level; the ruling Republican Party itself is also a coalition of various elite groups.

In the public discourses in Armenia, the existence of competition within the ruling elite is not acknowledged at all.¹ Power rotation is believed to happen within the ruling party ahead of elections. The Prosperous Armenia Party is seen as a creation of the authorities used to mimic political competition for the benefit of the international community. This view reflects a key feature of Armenia's political system: the masses are used, not involved in the political game. The players competing for leverage over politics and economics are business groups and administrators. The wellbeing, needs and wishes of the population at large are not stakes in this very intensive game.

For years, the players believed the game could go on forever; until 2012, there was just a handful of marginalized opposition MPs in the parliament rejecting the legitimacy of the current system. Meanwhile, the threat to stability lies in the arrangement whereby politics is an informal elite game in which the society only takes part at the time of elections. By 2013, the number of opposition players in parliament increased, and so did the number of votes cast against the incumbent president — in reality, against the system in general. However, representation is still not on the agenda: parties representing farmers or small businesses, retired people or the middle class, are still nonexistent in Armenia. The country has no labor party, and no Communist party to speak of. The country lacks the political culture needed to make these strata aware of the need to be represented in the legislature.

1 Melkonyan, N. *Kaghakakan mifologiyani 2008-i HH nakhaghakan yndrutyunneri yndatskum*. 21rd Dar #2 (24), 2009. Yerevan: Noravank Foundation, p. 94-102.

To see where this can go, one needs a brief look at how Armenia's political system emerged, including its formal institutions and especially its informal mechanisms. With all differences between former Soviet republics in terms of size, location, population, culture and presence of oil, Armenia's evolution took a special turn from the very beginning.² The reason was the conflict over Nagorno-Karabakh, a predominantly Armenian-populated exclave in Soviet Azerbaijan. Only in Armenia and Azerbaijan was the independence movement sparked by a territorial conflict, and not by anti-Communist or anti-imperialist feelings. Other post-Soviet countries either fought to be free from Moscow like the Baltic states, or acquired their independence as a result of the disintegration of the USSR, like the countries of Central Asia.³

The conflict over Nagorno-Karabakh preceded the movements for independence in Armenia and Azerbaijan. The original confrontation was not between Yerevan and Moscow but between Yerevan, Baku and Stepanakert. In Armenia, it gave rise to the Karabakh movement, the first large-scale opposition movement in the Soviet Union.

In terms of its goals, the 1988-1991 Karabakh movement was similar to Bismarck's moves to unite Germany in the late 19th century and the Italian Risorgimento; the movement was much more irredentist than democratic. This had its impact on subsequent developments. At first, the Karabakh movement was loyal to Moscow; it was not asking for independence for Nagorno-Karabakh, but for its unification with the Armenian Soviet republic within the USSR. Playing the glasnost policy against the growing weakness of the Soviet government, protestors in Yerevan in 1988 carried posters saying "Lenin, Party, Gorbachev!" and generally tried to use the dead old ideology.⁴

However, grassroots demands to change administrative borders, protest rallies, petitions, non-governmental organizations, and political advocacy, including for a referendum, were all essentially non-Soviet; Moscow authorities realized at once that this kind of activity was not compatible with the Soviet Union, even a reformed one. Although back then, the Karabakh movement did not advocate democratization of any kind, its values and methods were in fact democratic. However, the goal was Karabakh not democracy; once the leaders of the movement realized that the goal could not be reached within the USSR, they began advocating for independence, again, as a method of getting Karabakh, not as a goal. Armenia started appealing to the international community rather than to the Communist Party, communist slogans were replaced by democratic ones. Methods changed, *irredenta* remained.⁵

Thus, the conflict led to the emergence of national independence ideologies in both Armenia and Azerbaijan. However, once independence from the USSR was

2 See Kozhokin, E. (ed.), *Armeniya: problemy nezavisimogo razvitiya*. Moscow: Russian Institute for Strategic Studies, 1998.

3 Furman, D. Imitation Democracies: The Post-Soviet Penumbra. *New Left Review* 54, 2008, <http://www.newleftreview.org/?page=article&view=2750>

4 Mouradian, C. *De Staline à Gorbachev: histoire d'une république soviétique: l'Arménie*. Paris: Editions Ramsay, 1990, p. 405-464.

5 Furman, D. The Dynamic of the Karabakh Conflict. In Ehrhart, H. et al (ed.) *Crisis Management in the CIS: Whither Russia?* Baden-Baden: Nomos Verlagsgesellschaft, 1995, p. 33-44.

designated as the method, a political and ideological overlap happened. The struggle for Nagorno-Karabakh became the core of the political identity of newly independent Armenia (and Azerbaijan). However, this struggle soon escalated to war. The war that began in autumn 1991 lasted over three years and was won by the Armenians; it also led to historical changes in Armenian society and Armenia's emerging political system.

Up until the ceasefire that put an end to the military hostilities in 1994, the needs of war were on the top of the new country's agenda, and the army became one of the main, or probably the main actor of state-building. Put together from paramilitary groups of volunteers, the Armenian army began as a very informal institution, a mixed crowd devoid of any centralized command. As the war continued and escalated, the most successful and ambitious commanders rose to the top and formed the army headquarters. The formal establishment of the army as an institution was finalized by the end of the war; the military were now becoming a corporation, held in high esteem by the rest of the population. Once the war ended and the soldiers and officers came back home, a veteran corporation began to form. Although a considerable part of Armenia's male population had taken part in the armed hostilities, the number of veterans who became part of the new corporation was relatively small, estimated at several thousand men, probably numbering under ten thousand.⁶ They were chiefly men who had volunteered to the war in the early 1990s; there were some Soviet military in their ranks, but relatively few. The veterans varied greatly in terms of social background; it was the experience of warfare that made them into a caste of men united by four years in the trenches, a soldierly brotherhood, a dearly bought victory and a feeling of uniqueness and deservedness.

Theoretically, this could have led to a classical third-world scenario, typical for countries with weak democratic traditions, in which the army strongly interferes with politics. In Turkey, this practice is fully institutionalized and even enshrined in the constitution. There, as in many countries of Latin America and Africa, the military are a separate and highly influential political corporation with its own system of recruiting, educating and training new officers. The military corporation often has an ethical system of its own, and in some countries, it is similar to aristocracy in that the privilege of joining the army is restricted to particular families. In order for this whole system to work, the army pays its officers salaries which are high by local standards, and which it is able to afford by sponging on the state.

In Armenia, two factors prevented this scenario from prevailing.⁷ First, the war was relatively short, so that the combatants had only had three years to consolidate as a caste: long enough to create a veteran corporation but not long enough to create a military corporation capable of reproducing itself once the war is over. Second, the impoverished post-Soviet republic of Armenia, exhausted by the expenses of war, simply could not spare the funds needed to remunerate the Karabakh veterans on the level that could satisfy their

6 Iskandaryan, A. Armenia mezhdru avtokratiyey i poliarkhiyey. *Pro et Contra* 15, No 3-4, May-August, 2011, <http://carnegie.ru/proEtContra/?fa=45423>

7 See: Kaufmann, W. (ed.). *Diaspora, Öl und Rosen: Zur innenpolitischen Entwicklung in Armenien, Aserbaidschan und Georgien*. Berlin: Heinrich Böll Stiftung, 2004.

appetites. One of the results of independence and the war was mass poverty. Armenia does not have oil or gas, and its mineral deposits are not significant. The effect of the collapse of Soviet economy, quite dramatic in itself, was made a lot worse by the war and by the fact that Azerbaijan, joined by Turkey, blockaded most of Armenia's roads, making transportation difficult and costly. Although the war ended in 1994 in a ceasefire, a peace agreement was never signed, meaning that formally Armenia was — and is - still at war, needing to maintain a strong army. The newly emerging economy of independent Armenia was heavily burdened by military expenditure. Back then, business just began developing from the grassroots level, starting with portable stalls and family businesses.

Characteristically, the poverty, combined with the country being small and landlocked, very soon led to a merger of business and politics. The logic is rather simple and hard to avoid: once a business becomes significant by local standards, it enters a highly competitive realm: resources are scarce, import and export options are few, and the market is tiny.⁸ Business operators are in a constant quest for consensus. Informal ties to politicians, or self-co-optation into their ranks, provide a convenient arena for the day-to-day cutting-up of the small economic cake. The distribution of influence zones, licenses, preferences and access to resources became the main drama of Armenia's domestic politics, gradually making businesspeople key actors in the political field. In the post-Soviet world, such actors are usually called *oligarchs*. In Armenia, given the small size of its economy, eligibility criteria for oligarchs are rather low, certainly lower than in larger or richer countries.

Given the way this system worked, once the veterans started placing demands on the authorities, the latter started handing out informal business privileges instead of salaries. The privileges came in the form of export and import licenses, opportunities to privatize old Soviet enterprises, options to buy land at low prices, and so on. As a result, the veteran corporation soon took charge of many types of businesses and even created a countrywide network resembling a system of feudal domains.⁹ The newly reformed economy was now market-based, but took the form of "military capitalism," implying that the weight of a businessman in the veteran hierarchy was a factor in the economic competition. A businessman needed to be a member of the local veteran club, or join it once his business became large by local standards. The scope of business in the country was still rather small: in the provinces, a restaurant or small plant could qualify as a large business.

By the end of the 1990s, the veteran corporation to a large extent regulated the economy of Armenia. At some point, the Karabakh war veterans did not just participate in the government; they were the government. A soft *coup d'état* that happened in 1998 was to a large extent driven by the army: Armenia's first president Levon Ter-Petrossyan was coerced to resign by a group of top officials led by the then Minister of Defence Vazgen Sargsyan, a legendary war hero.

8 See: Margaryan, M., Muradyan, A. Marginalytyuny kaghakakan hamakargi zhohovurdavaratsman gortsyndatsum. "Gunavor heghapokhutyunner." 21rd Dar #3 (21), 2008. Yerevan: Noravank Foundation. Online: http://www.noravank.am/upload/pdf/355_am.pdf

9 Zolyan, S. Armenia in 2008: Feudal Democracy or Democratic Feudalism? In Iskandaryan, A. (ed.), *Identities, Ideologies and Institutions*. Yerevan: Caucasus Institute, 2011, p. 32-48.

Predictably, by the start of the 2000s the veteran corporation began to disintegrate and fade because it lacked a recruitment mechanism. The war was over, there was no source of new veterans, and serving in the military in times of peace did not qualify, since this was a veteran corporation, not an officer corps. A new generation that grew up after social upheaval and war was now entering adult life and business. As a result, less than ten years after the end of the war, the veteran caste mutated into an ordinary business community. Being a businessperson in modern Armenia is no longer about being a war hero, or affiliated with one, but just about being successful in the current environment.

In contrast to economic elites, the political elites of Armenia originally stemmed from a narrow circle of intellectuals who lead the Karabakh movement. The core of Armenia's first government consisted of the leaders and ideological fathers of the Karabakh movement - for the most part dissident-minded intellectuals. Back in the late 1980s, the Soviet intellectuals were the ones that generated and sustained the Karabakh movement, elaborated its ideology and invented the various methods it used to achieve its goals, from appealing to Gorbachev and all the way to taking down the Soviet system in Armenia.

However, just like the veterans in economics, the intellectuals in Armenia's government were doomed because they could not reproduce. The social stratum that they came from had emerged as a side effect of Soviet industrialization and investment into hard science. Soviet Armenia had been science-rich; the future leaders of the Karabakh movement had matured in numerous Soviet research institutes, which were funded from Moscow and mostly served the needs of the Soviet military industrial complex. Once the USSR disintegrated and the Soviet military industry became history, the Armenian intellectuals lost everything overnight. Privileged and respected in the USSR, paid good salaries and given apartments in prestigious parts of towns, Soviet Armenian researchers became poor and unemployed; the majority were forced to emigrate or became marginalized. As a result, just like the veteran corporation, this corporation also went into decline with the fall of the USSR, because the economy of independent Armenia did not have jobs for so many intellectuals.

By inertia, the political class was still recruited to a large extent from among Soviet intellectuals until the end of the war and into the late 1990s. However, the demand for their characteristic skills was falling: as it became formalized, the state bureaucracy no longer required its staff to be revolutionary or creative; it now needed bureaucrats capable of operating in the reality, not creating a new one. The intellectuals were gradually rejected by the political elite; as elite rotation progresses, every next government has fewer first-generation revolutionaries and more 'technocrats' who are much more adequate to the new Armenia with its archaic economics and its weak and excessively personified political institutions. The technocrats, at least on the low- and medium-level, are also forming a political caste, which is, unlike the veterans and the intellectuals, so far open and capable of recruiting new members, chiefly from amongst young educated professionals. Recruitment methods, meanwhile, remain similar to the ones once used by war veterans and professors of physics: personal ties and networking, with personal loyalty perceived as the key quality.

By the mid-2000s, politicized intellectuals became nearly extinct in the administration, a development they by no means welcomed. A few first-wave public officials of independent Armenia, including former ministers and heads of departments, now sit in the parliament factions of opposition parties such as Heritage and the Armenian National Congress; the leader of the latter is also a former dignitary, Armenia's first president Levon Ter-Petrossyan. Uninvolved in the division of the economic cake that is ongoing in the parliament, the first-wave intellectuals mostly play the role of Biblical prophets, telling other deputies not to kill, not to steal and not to commit adultery, and manage to consolidate social protest at times of presidential elections.

Meanwhile, social protest in Armenia is acute and uncompromising. Rallying has been a tradition since the Karabakh movement. The short-lived wartime consolidation of the society ended with the war, which left the population at large pauperized, infrastructure ravaged, and economic prospects bleak. Already by the mid-1990s, a year or two after the ceasefire, Armenia's authorities became estranged from the nation. Social discontent has remained invariably high ever since. The ideological political opposition, led by former 1990s-era politicians, has very little say in government and is barely represented in the parliament. Their main technique of political struggle is trying to win presidential elections by mobilizing social protest, and then refusing to acknowledge their defeat based on allegations of election fraud. In 2008, this strategy went terribly wrong: mass post-election rallies in favor of Ter-Petrossyan, who officially only received about a fifth of the vote, were dispersed by the authorities by means of excessive force and poorly organized effort. The result was ten people dead, hundreds wounded, mass arrests and a deepening polarization of the society. In 2013, Raffi Hovannisyan did a lot better, winning almost forty percent of the votes, and taking care to keep his protests peaceful. However, neither of the two has been able to build viable parties, or to build on the success during the poll.

The newly emerging opposition in the form of Prosperous Armenia, a non-ideological party also stemming from an elite group just like the party in power, may prove more viable. However, it still has to prove the sincerity of its intentions to operate in the formal political field, rather than via behind-the-scenes transactions.

In any case, progress will be slow and easy to abort at any stage. Successful transition to a representative democracy will require long-term economic growth; businesses will need to mature and break free of the corporation, and civil society will need to grow some muscle. The more years pass since the war, the more one can hope that economic development will lead to the emergence of a middle class and the consolidation of state institutions. Until this happens, the new elites will do their best to reproduce themselves and prevent any involvement of society at large in political decision-making.

In an optimistic perspective, Armenia is now one of four post-Soviet countries alongside Ukraine, Moldova and Georgia (not counting the Baltic states) which has a pluralistic and competitive political scene and power rotation by means of elections (even though this fact is not widely acknowledged by its society). Given the already existing traditions of political competition, and the overall freedom of press, one can hope that the transition from plurality of elite groups to the participation of wider social strata in governance, and the emergence of a representative political party system, can happen in the next few decades. Rapprochement with the European Union and a change of generations from Soviet to non-Soviet will also contribute to the optimistic scenario.

CIVIL SOCIETY IN ARMENIA

By Hrant Mikaelyan

1. CIVIL SOCIETY AND SOCIO-POLITICAL ENVIRONMENT IN ARMENIA

According to its definition, civil society is understood as a social space outside the state or corporate control, where individuals can organize clubs, groups by interests, organizations, and initiative groups to deal with any kind of problems. This should result in creating the conditions for the self-realization of individuals and collective groups.

Civil Society is comprised of not only Civil Society Organizations (CSOs) – it is a broader concept, encompassing all the organizations and associations that exist outside of the state and the market.¹ Civil Society, which is also called the “third sector,” expresses and implements private interests, while the state expresses public interest. Structured or semi-structured civil society includes trade unions, media, religious, social, political and other organizations and associations. Unstructured civil society may also include social and professional networks, mutual help and interest-based friendship networks, which are not institutionalized.

For its development, civil society needs a certain level of freedoms guaranteed by the state. Particularly, basic freedom is the freedom of association. CSOs need the opportunity to be heard, i.e. freedom of speech, which in practice means the freedom of the media. Another important point is the independence of the judiciary from political control. A high educational level of the population is also required, because skilled citizens can cooperate and act more effectively. In addition, an economic precondition is also required – the freedom of small and medium entrepreneurship, which is very important for the strengthening of the middle class, which could be financially independent from the government or large business. A strong middle class is the basis for civil society and the democratic development of the country. Civil society as a rule willingly participates in the process of democratization of the society and frequently the strengthening of the civil society and democratization occur in parallel and influence each other. It should be mentioned that civil society is not the only and not a mandatory condition for democratic development, but anyway its role is highly valuable. For example, in case of Japan, France and Spain the development of the civil society lagged behind the democratization of the state.²

The modern type of civil society is a new phenomenon for Armenia. In the Soviet period, such kind of independence from state self-organization forms were strictly prohibited and punished. Do such conditions exist in modern-day Armenia? Let's go through the list of conditions listed above and try to answer this question.

1 Thomas Carothers. Civil Society. Foreign Policy, p. 19. #117, Winter 1999-2000.

2 Ibid, pp. 21-23.

Although Armenia is not a consolidated democracy today, the current situation with fundamental freedoms, which are necessary for the development of civil society, is characterized with positive dynamics. According to the Press Freedom Index 2013, Armenia is 74th in the world (out of 179) and shows consecutive improvement for already three years, by today leaving behind such countries as Greece and Bulgaria.³ The educational level of the population is high and continues to grow. In 2010, the gross enrolment in tertiary education was 52 percent (approximately twice the growth rate during the last decade, especially among women), while the regional average comprises 24 percent,⁴ and it is also improved during the last decade. Today, it is easier than ever before to run business in Armenia: according to the Ease of Doing Business report by the World Bank, Armenia ranked 32nd in the world (among 185 countries in the list)⁵ and results in Economic Freedom Index by the Heritage Foundation are pretty similar – 38th position among 177 economies.⁶ Small and medium-size enterprises comprise up to 44 percent of Armenia's GDP,⁷ which can be considered a medium level, compared to ~24 percent in Russia and 58 percent in the EU.⁸ Economic change is not so recent in Armenia as the political: economic reforms started since the 1990s and have never stopped. Overall, Armenia may be assessed as mid-transition country.

Major problems appear in the field of judicial independence. The World Economic Forum marked Armenia's judicial independence level as 2.8 out of 7, or 110th out of 144 ranked countries.⁹ This result is low, although should be noted that there already is ongoing reform, which should bring perceptible results by 2016.¹⁰

However, the positive trends in all of these areas need to be strengthened in order to build more capacity for developing the institutional environment of civil society. There are several barriers to the development of civil society which will be discussed

3 Reporters Without Borders. 2013 World Press Freedom Index: Dashed Hopes After Spring, p. 21 [http://fr.rsf.org/IMG/pdf/classement_2013_gb-bd.pdf]

4 See UNESCO Institute for Statistics Armenia Profile. [http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF_Language=eng&BR_Country=340&BR_Region=40505]

5 For more detailed information on Armenia visit Armenia profile on Doing Business website: [<http://www.doingbusiness.org/data/exploreeconomies/armenia/>]

6 Whole index can be accessed on the Heritage Foundation's website [<http://www.heritage.org/index/>]

7 In 5-6 Years, Small and Medium Enterprises Will Form 50% of Armenia's GDP. "Defacto" News Agency. Jan.24, 2013 [<http://defacto.am/39295.html>] (Через 5-6 лет половину ВВП Армении будет формировать малый и средний бизнес) SMEs share in GDP had shown growth from 34.4% in 2002 to 43% in 2010. See: Hrant Mikaelian. Entrepreneurship in Armenia. Caucasus Analytical Digest #45, p. 14. 15 Dec. 2012.

8 Russian figures by: Lost Count. Determining the Share of Small and Medium-sized Businesses in the GDP Was Not Possible. Rossiyskaya gazeta. 22 Nov. 2011 (Сбились со счета. Точно определить долю малого и среднего бизнеса в ВВП не удалось.) [<http://www.rg.ru/2011/11/22/dolya.html>]

Figures for EU refer to the Gross value added. Source: EU SMEs in 2012: at the crossroads, p. 17. Annual Report on Small and Medium-sized Enterprises in the EU, 2011/12. Rotterdam, Sept.2012

9 World Economic Forum. Global Competitiveness Report 2012-2013, p. 93.

10 Reforms to Make Armenian Judiciary Independent in 4 Years-justice Minister. 24 July, 2012. Arka.am News agency. [http://arka.am/en/news/politics/reforms_to_make_armenian_judiciary_independent_in_4_yrs_justice_minister]

later in this article. First, let's evaluate the path traversed by the Armenian civil society since the late Soviet period and up to the present day.

2. EVOLUTION OF CIVIL SOCIETY IN ARMENIA: FROM SOVIET TO POST-SOVIET. NEW FRAMES OF INSTITUTIONALIZATION

By the time it gained independence, Armenia, with some exceptions, was an ordinary Soviet society. This implied a low level of self-organization and undeveloped local governance system as well as a practically zero level of civil society institutionalization.

Along with this typicality, there were several exclusions. For Armenia, the Iron Curtain as well as USSR border was permeable due to the activity of Armenian Apostolic Church abroad, the presence of the Armenian Diaspora and the large tourist inflow to Armenia in the late Soviet period.

Armenia had an active dissident movement, which included both national and democratic movement, which were in close cooperation. There was an unregistered political party (the "National Liberation Party," later, the "Union for Self-Determination"), which was a separate phenomenon in Soviet socio-political reality.¹¹ Most of its members were jailed until the dissolution of Soviet Union. Armenia also had active Human Right movement named "Armenian Helsinki Group," members of which were also jailed.¹²

For Yerevan identity in the 1960-1980s, peculiar dichotomies which were contrasting Yerevan with the general Soviet space underlining the presence of a number of freedoms existing in Yerevan were absence in the "Center": Yerevan - solidarity of society with dissident sentiments versus Moscow - the absence of such solidarity; Yerevan - freedom of anti-Soviet discussions versus the lack of such freedom in Moscow, etc.¹³

Of course, the dissident movement did not involve most of the society of Soviet Armenia: it had many sympathizers and not so many participants. More prominent phenomenon were creative and professional associations, run by the state, such as architects, composers, youth unions, which were designed to play the role of civil society organizations, most of them, however, did not. Partly independent were semi-structured "circles" at natural science and engineering institutions, while the humanities were under rigid supervision. A strange form of social activity was demonstrated by the Communist party cells in every organization, although there was also a feedback channel.

Yerevan also formed a "salon" civil subculture, which also was semi-structured and semi-public civil society culture which formed at that time (and became the core for future parties, media and CSO representatives) — many active members

11 For example, Paruyr Hayrikyan spent in jail and exile about 18 years.

Paruyr Hayrikyan. Famous Persons of Armenia. [<http://www.persons.am/en/info.php?id=558>]

12 See Lyudmilla Alekseeva. Soviet Dissent: Contemporary Movements for National, Religious, and Human Rights. WUP, 1987; Lyudmilla Alekseeva. History of Dissent in USSR, 1983 (pub. In 1992). (История инакомыслия в СССР).

13 Hrant Ter Abrahamyan. Yerevan Urban Environment and Dissent. South Caucasus: Territories. Stories. People., p. 23. (Ереванская городская среда и инакомыслие). Heinrich Boll Foundation, Tbilisi, 2006.

of the “the sixties” generation, were meeting together in cafés to discuss future of Armenia and socio-political issues.¹⁴

At the same time, Armenian society could be characterized by a vast number of not institutionalized horizontal networks, communication circles, called “shrjapat”, going back to Armenian tradition. It’s more mechanism of mutual support of members of this “shrjapat.” Membership in “shrjapat” is not strictly defined by the network, it is not so difficult to enter “shrjapat,” but it depends on the place in the social hierarchy, belonging to a social class, profession, common interests and, sometimes, kinship, but it is not required; similar values and lifestyle are much more important in this concept.

During the decline of the Soviet Union, , practically the whole civil society environment, which was described above, was disintegrated and ceased to exist. Party cells disappeared first –even before the dissolution of the Soviet Union.¹⁵ The “salon” civil subculture, as well as open minded community of scientists, is also no longer a significant factor: after the collapse of the USSR, the Armenian economy suffered greatly; cafés as well as scientific institutions stopped working. Many scientists left Armenia (especially those who were younger and could settle down abroad). “Salon” life had partly recovered by the end of the 1990s but did not have a political content: politics had already moved to the public sphere.

It is worth noting the fate of local governance in Armenia. The Soviet type of local governance did not work properly, because this system practically did not assume any autonomy from the state: Communists considered as a threat independent local self-government. After the collapse of Soviet Union this system was quickly disbanded and reformed in 1994-6, but after that only minor progress was achieved.

At the same time, non-institutionalized civil society in Armenia, “shrjapat” system, has remained and only got stronger. At the peak of the economic crisis, in the mid-1990s, it played the role of a “safety net” for many of those who were less successful in the new economy and remained without means. This, a much less known phenomenon, was the greatest stress-test during last decades and success for the civil society of Armenia, yet not structured but very flexible.

At that time, a new, modern-type civil society was forming in Armenia and in many cases, it was based on the “shrjapat” networks. Part of them was institutionalized as political parties, NGOs, associations, etc. Widened political freedoms created the capacity for such institutionalization: freedom of assembly, freedom of conscience and relative pluralism in the media were new to Armenia. Accessible statistics shows that if by the end of 1995 there were 116 periodicals (both newspapers and magazines) in Armenia, by the end of 1998 there were 201 of them.¹⁶

Since the mid-1990’s and until the mid/late-2000’s Armenia’s political life was quite unstable, which remains a factor even until today. It was conditioned by some

14 Svetlana Lurie, Armen Davtyan. Yerevan Civilization. Cultural Code and Political Myth of Contemporary Armenia: 1921-2004. (Ереванская цивилизация. Культурный код и политический миф современной Армении: 1921--2004 гг.). Moscow, 2007.

15 In the first elections in independent Armenia in 1995, the Communists gained 12 percent of the vote, and in 2007 - only less than 1 percent of the vote.

16 National Statistical Service of Armenia. Statistical Yearbook of Armenia, 1995-1998, Yerevan, 2001, p. 107.

limitations of political freedoms. This factor did not stop the development of civil society but slowed it. Today, institutionalized civil society in Armenia is comprised by a fast developing system of NGOs and other forms of self-organization.

Table 1. Dynamics of development of the Civil Society of Armenia. Registered non-commercial organizations, by type, 2001-2011

	2001 ^a	2003 ^a	2005 ^a	2007 ^a	2009 ^a	2011 ^a
Political Party	107	52 ^b	74 ^b	76 ^b	74 ^b	77 ^b
NGO	1180 ^c	1700 ^d	2239	2590	3252	3781
Public organization, founded by municipalities and state	1680 ^c	1960 ^d	2108	2398	2585	2826
Foundation			381	519	651	762
Trade Union	159	652	743	753	784	810
Religious Organization			10	27	43	47
Periodical	146	197	297	381	333	313
Mass Media			382	539	1112 ^e	1199

^a By the end of the year

^b Since 2003 statistics includes only the parties, founding documents of which comply with the law “On Political Parties” of the Republic of Armenia.

^c Total number of “Public Organizations” in 2001 was 2756, of which estimated 1180 where NGOs and 1680 – public organizations, founded by municipalities and state.

^d Total number of “Public Organizations” in 2003 was 3660, of which estimated 1700 where NGOs and 1960 – public organizations, founded by municipalities and state.

^e By the end of January, 2010

Data sources: Socio-Economic Situation of RA, January-December 2001 (Arm, Rus); Socio..., 2003; Socio..., 2005; Socio..., 2007; Socio..., 2009; Socio..., 2011

As we can see, the number of CSOs [NGOs and Foundations] over a decade has more than tripled, from less than 1,400 in late 2001 to 4,500 by the end of 2011. At the same time, the development of trade unions, for example, practically stopped and remained at a certain level since 2005. Most of the trade unions in Armenia are not professional associations, as usual they cover one or several large companies, which is the only way to make trade unions effective working structures. The creation of trade unions covering whole spheres is very difficult. High unemployment rates create a situ-

ation of fears competition even for low paid jobs making joint actions such as strikes ineffective (creating risk of losing jobs), because there are always people willing to fill the job openings.

3. CIVIL SOCIETY OF ARMENIA: DIFFICULTIES OF TRANSITION

In addition to all those political and the political economy factors that influence the development of civil society in Armenia, there are socio-economic factors, such as unemployment, migration and civic culture, which also affect development.

According the data calculated using the ILO methodology, the unemployment rate in Armenia is about 17.3 percent of the active population, which is quite high, while in urban areas it reaches 25.5 percent.¹⁷ High unemployment rates automatically mean greater dependence of employees which are afraid of losing their job. At the same time, this means a relatively large share of the public sector, as there is a minimum number of employees (police, administrative staff, courts, etc.), preserved at any economic difficulties. The higher the economic activity level the lower the share of public sector (except the cases of state owned large enterprises that do not appear in Armenia). In fact, when employer is the state, employees are more dependent on the state and, taking into account the Soviet experience, feel themselves more limited in their activities, even if there is no direct limitation, this situation prevents the argumentation and implementation of the collective interests.

As for migration, according to calculations by the author, during 2000-2012, Armenia has lost some 320,000 people,¹⁸ i.e. some 11 percent of the total population, which should be considered significant. The emigration mood in Armenia is very high (40 percent want to leave Armenia)¹⁹ and is most widely spread among the middle class.²⁰ The main reason for emigration are not only socio-economic factors (the low level of economic development and unemployment), but also pessimism about the future, which is also widespread in Armenia. Sometimes the lack of democratic development and corruption in Armenia are cited in opinion polls as motives for emigration, but the fact that the main destination of the migration outflow is Russia indicates that these motives are by no means primary for the average migrant. Middle class representatives are more likely to leave for the EU to find higher living standards. Except for the factors cited above, the emigration of middle class representatives in Armenia is driven by the following reasons: first, there is higher demand for the Armenian middle class workforce abroad so they can count on better income,

17 Socio-Economic Situation of RA, January-February 2013, p. 51 (in Arm). March 29, 2013. National Statistical Service of Armenia.

18 Based on border crossing data for 2000-2012 with year over year corrections for 2000-2009 data. 320 000 is netto-emigration or difference between emigration and immigration.

19 Emigration mood in Armenia, according to Gallup Inc. polls, is about 40% of population which is extraordinary even for CIS countries. Moldova, which is coming next to Armenia, shows 32% willing to leave their country, despite GDP per capita in Moldova is lower than that in Armenia, and 3rd – Ukraine – only 21% (twice less than Armenia). Neli Esipova and Anita Pugliese. Desire to Leave FSU Ranges Widely Across Countries. Gallup.com, Apr.4, 2013 [<http://www.gallup.com/poll/161591/desire-leave-fsu-ranges-widely-across-countries.aspx>]

20 According to the Caucasus Barometer 2011 by CRRC, the higher household income correlates with higher emigration mood.

and second, there is a lack of civic culture in Armenia. Many middle class representatives do not consider it necessary to fight for their rights, they prefer to emigrate from Armenia. Cross-tabulation of the recent polls data²¹ shows that bribery is more justifiable for those who plan to emigrate permanently rather than for those who plan to stay in the country and these differences are statistically relevant. The level of income correlates with emigration moods (the higher the income, the more the willingness to leave). One reason is that they believe that the state is fully responsible for providing both material well-being and high standards of human rights protection.

Here we can see a more generalized problem in Armenian civic culture: paternalist attitudes are common in Armenia. Although Armenian culture had strong self-organization culture, in the 20th century this tradition has weakened. Nowadays, the perception that the state and statesmen must “look after” citizens is quite strong and affects the country’s political landscape. This problem is common to many post-totalitarian societies, where people still believe that a citizen’s competence is limited to their family affairs; the state is expected to deal with all the public issues, and citizens do not feel responsible for what is happening around them. This appears even when the state is no longer totalitarian and has no intention of taking such a responsibility. As a result, most of citizens wait for problems to be solved by government and seldom turn to self-organization even in minor issues, such as waste collection or planting trees.

When looking at Armenia in the wider context, according to a survey conducted by the Caucasus Research Resource Centers (CRRC) in 2011, 73 percent of Armenia’s population believe that the government should be like a parent while only 18 percent consider that government should be like an employee.²² According to a survey conducted in 2008 across Europe, results of Armenia were ambiguous. In table 2, we represent data for selected European countries both EU members and Eastern Partners.

Table 2. Individual vs. state responsibility, polls in Europe.

Country	Individual responsibility (1-3)	Combined approach (4-7)	State responsibility (8-10)	“Individual” vs “State” ^b
Armenia	28.5	43.3	28.2	1.01
Azerbaijan	12.3	46.7	41.0	0.30
Georgia	13.8	41.7	44.5	0.31
Ukraine	23.4	42.6	34.0	0.69
Moldova	43.6	32.4	24.0	1.82
Poland	26.2	53.0	20.8	1.26

21 See CRRC Caucasus Barometer 2011.

22 According CRRC Caucasus Barometer 2011 Armenia poll, conducted between October 26 and November 25, 2011 (Sample size - 2365).

Hungary	24.9	50.0	25.1	0.99
Greece	31.6	38.3	30.1	1.05
Lithuania	32.6	40.1	17.3	1.88
Norway	28.8	57.3	13.9	2.07
Netherlands	31.1	58.1	10.8	2.88
Great Britain	53.1	37.7	9.2	5.77
France	36.3	47.8	15.9	2.28

^a The question was: Individuals should take more responsibility for providing for themselves vs The state should take more responsibility to ensure that everyone is provided for. Respondents could place their views on the scale from 1 (individual responsibility) to 10 (state responsibility).

^b Ratio of those who answered 1-3 (individual responsibility) to those who answered 8-10 (state responsibility).

Note that since count has started from “1”, with an average were 5 and 6 instead of just “5”, as many interviewees thought, according to their answers (everywhere peak was on 5). This makes “7” psychologically closer to the “state” answer whereas it’s the same as 4, which was considered to be closer to the middle on the same reasons. This biases the results towards individualism, but the fact that the displacement caused by the general methodology is valid for all countries listed in the tables, makes them comparable and we can ignore this especially when comparing ratios (individual vs state).

Data source: European Values Survey 4th wave poll results by country, 2008.

Armenia is ranked in the middle group, and the numbers of those who think that state should care and those who think that individuals should take care about themselves are almost the same. According to these results, Armenia is closer to the Eastern European group of countries, while there are big differences compared to Western and Northern Europe. Attitudes differ even with “Socialist” France and Norway, which did not have totalitarian experience. Public morale in most of Western societies has strong traditions of self-responsibility and does not welcome dependency on state. During a late 2000s global economic crisis, which caused a rapid decline in Armenian economy during 2009-2010, paternalist attitudes became stronger. CRRC poll data confirms this hypothesis.

Of course, a paternalist approach prevents not only institutional self-organization, but even solving local issues, including improving living conditions, with joint efforts. The reason for that is not only Communist past. In the first article of the Constitution Armenia declared itself “a sovereign, democratic, *social* state governed by rule of law,”²³ thus

23 Full Constitution Of the Republic Of Armenia is available on the Armenian National Assembly website. [<http://www.parliament.am/legislation.php?sel=show&ID=1&lang=eng>]

proclaiming the responsibility for its citizens. Today one-third of state budget is spent on social support, which is not typical of other post-Soviet countries. Paternalistic sentiments, which were strong since the Soviet times, thus gained new support in independent Armenia and there is practically no major discourse which would oppose this opinion.

In a sense, the government relies on these sentiments, because the people who think the government should be like a parent are less critical towards the government than those who believe the government should be like an employee.²⁴ However, the inability of the state to provide the expected level of social support creates a collision, where the authorities, which are still getting electoral support as social benefits distributors, face widespread criticism, including criticism from their clientele. But the clientele still do not support other parties because of fear of losing even this modest support, which exists by now. In fact, the paternalist approach promotes a refusal to participate in the development of the country and emigration to the countries where employment levels or social security payments are higher.²⁵

It should be mentioned that not only the authorities use these paternalistic sentiments, other parties appeal to this rhetoric much more frequently, demonstrated by the research “Parties Pre-Election Promises” by the Caucasus Institute, conducted right before Parliamentary elections in Armenia (2012). Most parties promised to widen social support and state regulation and against this background, authorities looked completely right-wing. Other parties responded to social request on such a policy. Party, which came second, practically made paternalism its ideological platform, although still labelling itself “right/conservative”.

4. CIVIL SOCIETY ORGANIZATIONS: MORE DETAILED VIEW

As of 2009, about 25 percent of existing CSOs were estimated as being active.²⁶ Probably, the ratio is the same today. CSOs activity is regulated by three laws: the Law on Public Organizations, the Charity Law, and the Law on Foundations. CSOs are mostly concentrated in major cities of Armenia – in the capital (Yerevan), Gyumri, Vanadzor and Kapan. Main fields of the activities of the CSOs are: human rights protection, political participation, media, election observation, environmental issues, youth, gender and good governance.

According to the USAID NGO Sustainability Index 2011, the biggest concern of Armenian CSOs is financial viability. Most NGOs still lean on Western donors support in order to provide financial stability. Local funds are very small, practically

24 Among those who believe that government should be “like an employee”, the level of trust towards the executive government is 21%, while among those who believe that government should be “like a parent” - 30%. This is true also in the case of the president: 30% and 39%, respectively, and is observed for other state institutions, while in the case of trust towards NGOs no difference can be found. Source: CRRS Caucasus Barometer 2011

25 It should be mentioned that Northern African countries which are one of the primary immigration donors for the EU, paternalist approaches are even stronger. For example, in Morocco, 68.3% named that state should take more responsibility to ensure welfare (number of those who named 1-3 on the 10-point scale)
See World Values Survey, 5th wave. Poll was conducted in 2007.

26 See: Armenia Report. Freedom House Nations in Transit 2010.
[<http://www.freedomhouse.org/report/nations-transit/2010/armenia>]

nonfunctional for NGOs needs in Armenia. Sometimes, NGOs are criticized as agents of “Western influence” fighting against national values, but unlike Russia and Azerbaijan such conspiracy criticism is not widespread in Armenia. Some people think NGOs are corrupt and the trust level towards NGOs is not so high (see table 4 and diagram 1). Sometimes, CSOs representatives’ motivation in participating in civil society is business (for part of ordinary activists – just employment) or political motivation and is not perceived by them as a civic duty. Independence often is perceived as being in opposition towards authorities²⁷ and this is the case not only for CSOs with political motivation. CSO representatives may be indifferent to the internal politics or inter-party competition or can support one of the opposition parties.

Armenian CSO representatives, as usual, can communicate in English, which is necessary to communicate with donors. A large part of CSOs prominent representatives in Armenia are women. This may be caused by lesser representativeness in politics and lack of social mobility. Typically, CSO leaders are opinion makers, they actively participate in public debates on various issues and generally have a high social status.

It should be mentioned that there are practically no extremist organizations in Armenia. This segment is represented by several nationalist movements, which are marginal in Armenia. In the early- to mid-2000s, there was an Armenian-Aryan union which was convicted for anti-Yezidian statements and anti-Semitism. Since 2005, the union has been practically inactive. During Armenian-Turkish rapprochement in 2009 and, partially – in 2010, several societal groups which were opposing process of normalization, became very active blaming normalization supporters of being traitors or not taking into account Armenian national interests, including Ararat-Center, Western-Armenian National Council, most of Diaspora-related organizations, opposition parties (ARF, Heritage). These organizations are also practically inactive by now.

5. CSOS IMPACT ON THE SOCIETY. CSOS AND STATE

There is no direct control over the CSOs by the government and unlike the media, there has been no such attempt. The public chamber, which was established by authorities did not become their voice in the third sector (it was not even planned) and just remained as a neutral tribune for respect in society, but is not very active. Some discussion in society started from the public chamber, which, although did not become public opinion leader, mostly because of cooperating with authorities, which undermined the confidence of the public chamber. At the same time, some CSOs blame each other of in being GoNGOs, but as usual, this does not have any base and only divides civil society.

In the towns and regions where NGOs are active, opposition is stronger. This can be considered a result of the activity of election observers and the wider opportunities for making an informed choice. Here is data on presidential elections results which were held in February 2013. Whereas overall percentage of votes by Hovhannisyan was 36.75 percent, he received 42.9 percent in Yerevan, 69.6 percent in Gyumri, 59.4 percent in Vanadzor and 54.3 percent in Kapan.

27 See: Armenia Report. Freedom House Nations in Transit 2009. [<http://www.freedomhouse.org/report/nations-transit/2009/armenia>]

The level of development and impact on social life of CSO is measured annually by USAID. According to the USAID CSO Sustainability Index, Armenian civil society is continuing to develop and is identified at a mid-transition stage.

Table 3. CSO Sustainability Index, 1999, 2003, 2007, 2011 by overall and advocacy scores

	1999		2003		2007		2011	
	overall score ^a	advocacy	overall score	advocacy	overall score	advocacy	overall score	advocacy
Armenia	5.1	5.0	4.1	3.8	4.0	3.7	4.0	3.4
Georgia	3.8	3.5	4.1	4.0	4.1	4.2	4.2	4.3
Uzbekistan	5.3	5.5	4.7	5.1	5.7	5.9	5.7	5.9
Ukraine	4.1	5.0	3.9	3.4	3.6	2.9	3.5	2.6
Hungary	2.0	1.5	2.7	3.5	2.7	3.3	2.7	3.1 ^b
Czech Republic			2.4	2.0	2.7	2.4	2.7	2.1
Poland	2.1	2.5	2.1	1.9	2.3	2.0	2.2	1.7
Serbia	5.4	6.0	4.0	3.2	4.5	4.0	4.3	3.6
Romania	4.1	4.0	3.8	3.8	3.5	3.3	3.5	3.4

^a The lower the number the higher the NGO development level (1 - the highest, 7 - the lowest)

^b 2010 score

Source: The 2011 CSO Sustainability Index for Central and Eastern Europe and Eurasia, pp. 238-248 [http://transition.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/reports/2011/2011CSOSI_Index_complete.pdf]

As we can see, the total score of Armenia did not grow substantially since 2003, although the figures in the column “advocacy” were improving constantly. CSOs actually have rather strong impact on developments in Armenia. When CSOs coordinated their efforts, they were able to achieve serious results. To create the general impression, here is the list of some successful campaigns carried out in recent years by the Armenian civil society. We can assume that the future performance in the column “advocacy” will increase, although the financial viability will still remain a problem.

In 2009, a new draft law “On Public Organizations” was announced. Many CSO opposed and have ensured that the bill has been edited 4 times, and the last edition of the seized position on the need to publish financial reports in the media.

In 2010, the Minister of Education and Science Armen Ashotyan announced the government's new initiative to open in Armenia schools with the primary curriculum taught in a foreign language. It also met with outrage in the society of Armenia, although opinions were divided almost equally, most active groups of CSOs and intellectuals were against. The law was revised significantly, in particular, the transition to a fully general education in foreign languages will be made starting from the 7th grade and completely foreign language schools still have not been opened by now.

Most of the successful campaigns were in the city and environmental protection sphere. In 2010, the government decided to restore the demolished 1930s-era church on the Moscow summer cinema hall place. Many activists opposed and protested, although they did not have a particular center, the initiative group also used social media. As a result, tens of thousands of signatures were collected and the government reneged on its decision.

In 2011, environmental activists launched a campaign to save the waterfall Trchkan in northern Armenia. There were plans to build a hydroelectric power station, which could destroy the waterfall. Activists protest was quite successful, and by November 2011, the decision was made in favor of the activists.

In 2012, activists staged a protest over the construction of small shops close around the park on Mashtots in Yerevan. The Heritage Party joined the campaign. Protesters were not very numerous (although there were many sympathizers), but lasted several months and as a result, the president was involved and made decision in favor of activists.

In 2012, security personnel of the restaurant "Harsnakar" which belongs to parliamentarian and businessman Ruben Hayrapetyan, beat to death a military doctor Vahe Avetyan. This caused a very strong reaction of a civil society. Spontaneous rallies were held with a number of participants up to 2,000 people (which was probably largest non-political protest in Armenia), and Ruben Hayrapetyan eventually apologized for the behavior of his guards and resigned from the parliament, and seven guards were arrested. The president was also involved in discussions and condemned the incident.

Another success was the strong involvement of civil society in the electoral processes in 2012-2013. Large-scaled observation missions were organized – 50 local organizations and almost 30,000 observers (1 percent of population) were involved in election monitoring. Iдитord.org and some other web-resources were launched and all violations registered by local observers were registered in this network.

There were more minor cases where civil society activists were successful, but the most famous of them were listed above. During 2012, activity gradually moved towards the urban environment.

At the same time, only one well-known case can be named when civil society representatives' campaign was not successful at all – it's campaign for saving Teghout forest in the north-east Armenia. Career and a major copper-molybdenum combine were constructed there, it was very large-scale investment for Armenia, so in this case CSOs were just ignored.

6. LIMITATIONS OF THE INFLUENCE OF CSOS IN ARMENIA

This all shows the strength of a civil society in Armenia. But mostly, this refers to the social sphere. Some of the listed protests can be called leftist because some CSO representatives declared societal interests priority compared to the business interests²⁸ and, this was one of the reasons of success, because there is public demand for leftist party. And although on declarative level practically all parties are right, their ideologies remain mostly theoretical constructs, have hardly any connection to their practice and may not be shared even by the party members.

Although there are many minorities or vulnerable groups as well as human rights protection NGOs, most of them consist from the representatives of these categories of population. Yezidi organizations consist of Yezidis, women NGOs – of women, etc. Here is another problem – human rights protection is more likely (of course with exceptions) understood in Armenia as protecting one's own rights, which in a certain sense shows weaknesses of civil society. This creates a situation when some vulnerable groups (like the disabled) which have weaker advocacy skills and receive weaker support from donors remain with unsolved problems for a long period of time.

Another weakness is, as told above, paternalist approach. Indicative is the process of fighting against corruption in Armenia. The level of involvement of Armenian civil society in this process is very poor. Although the problem remains significant and bribery is still widespread,²⁹ there is virtually no investigative journalism or detailed researches concerning this issue. Many CSO representatives consider that they must only name a problem and only the authorities are responsible for fixing it.

Many of the problems (same could be noted regarding corruption, migration, etc.) are politicized, and as a result, civil society loses control over the process which becomes an issue discussed on a political level. Thus, the political influence of NGOs, unlike their influence in the social sphere, is not very strong, which is also limited by the perception of NGOs being corrupt.

In the case of conflict resolution, this attitude reduces their opportunity and may make their efforts ineffective if there is not public support for their agenda. Another negative narrative which is also spread in the society, points that they are not very open towards whole society and represent only part of Armenian society and therefore become a kind of elite group, and not inclusive ones.

CRRC polls show the trust level towards NGOs in Armenia in comparison with other institutions. Although the dynamics is pretty much similar (decline during global crisis and slow growth in 2011), NGOs face lower trust than some state institutions.

28 For example, "However, observers believe for the city authorities, which defend the interests of private property to the detriment of municipal green space, as many say, it has become a matter of principle, and they are unlikely to give up."

Experts: Armenian Oligarchy's Fate at Stake in Mashtots Park. 2 Apr. 2012. ArmeniaNow.com [http://armenianow.com/society/environment/37004/yerevan_mashtots_park_pavilions_dismantling]

29 According to Transparency International Global Corruption Barometer 2010/2011 study, in Armenia 19.4% of those who were interviewed, paid a bribe during last 12 months, compared to 22.5% in Hungary, 28% in Moldova, 17.6% in Romania, 15.6% in Greece, 10.9% in Czech Rep., 5.8% in Italy and 3.3% in Austria.

Table 4. Trust and distrust level towards NGOs and selected institutions in Armenia

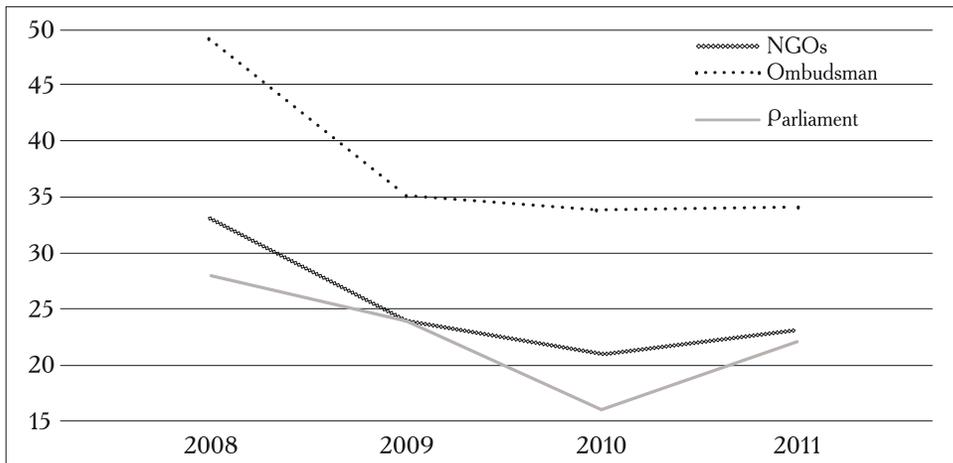
	2008		2009		2010		2011	
	T ^a	D ^b	T	D	T	D	T	D
NGOs	33	37	24	24	21	22	23	25
Army	84	9	82	8	76	9	64	20
Parliament	28	50	24	41	16	48	22	46
President	54	29	46	27	29	35	34	39
Ombudsman	49	24	35	21	34	20	34	21
Police	35	45	28	41	19	48	29	40

^a T=Number of those who trusts this or that institution (%)

^b D=Number of those who doesn't trust (%)

Source: CRRC Caucasus Barometer 2008-2011

Let's show it in a graphic way.

Diagram 1. Trust level towards NGOs, Ombudsman and Parliament in 2008-2011

We can expect that trust level growth will continue in 2012 and after that, because of the post-crisis recovery and several successful actions, but which level will be achieved and will CSOs gain more support from the society, will depend on themselves.

In our opinion, the main issues facing civil society of Armenia is ensuring financial sustainability and becoming more open in the future as well as involving wider categories of people and cooperating with each other more frequently.

ACROSS THE GREAT DIVIDES: DUPLICABILITY OF THE “FINNISH MODEL” IN THE ARMENIAN FOREIGN POLICY CONTEXT

By Mikko Palonkorpi

INTRODUCTION: BETWEEN A ROCK AND A HARD PLACE¹

“We cannot do anything about geography, nor can you. Since Leningrad cannot be moved away, the frontier must be further off.” This is what Joseph Stalin stated in 1939 to the principal Finnish negotiator J.K. Paasikivi in Moscow, when Finland and the Soviet Union held last desperate negotiations to avoid the breakout of war.² The Soviet leadership was concerned about the security of Leningrad, the second largest city in the Soviet Union, because the Finnish-Soviet border was located only 32 kilometers from the city and thereby parts of Leningrad fell in the artillery range from Finland. Stalin also feared that Finland could be used as a potential launching stage for an attack against Leningrad by a third power.³

Finland did not agree to Stalin’s demands and in the two wars that ensued (the 1939-40 Winter War and the 1941-44 Continuation War) Finland did not only lose approximately 90 000 soldiers and civilians but also 10% of its territory, including Karelia as well as access to the Arctic Sea.⁴ In addition, more than 400 000 people became what is nowadays defined as internally displaced persons (IDPs). This number comprised 11% of the population at the time. Paasikivi, who served as Ambassador to Moscow during the interwar years (1940-41), wrote in his diary, *“We should not only find a modus vivendi, but establish good relations (with the Soviets) so that Russia would not only tolerate Finland’s exceptional position, but moreover realize that it is the best option for itself.”*⁵ His aim was the normalization of relations between Finland and the Soviet Union. In his famous remark from the Independence Day speech in December 1944, he set guidelines for post-war Finnish foreign policy, *“The beginning of all wisdom is the recognition of facts. Setting oneself against the facts is useless struggle and cannot lead to a successful outcome.”*⁶ This thought together

1 The author would like to thank Dr. Sari Autio-Sarasma, Dr. Suvi Kansikas, Dr. Riikka Palonkorpi, Dr. Jeremy Smith, Dr. Sergey Minasyan and Mrs. Nina Iskandaryan for their insightful comments, feedback and suggestions for this paper.

2 Tarkka, Jukka / Tiitta, Allan: *Itsenäinen Suomi – Kahdeksan vuosikymmentä kansakunnan elämästä*, Helsinki: Otava, 1997, p. 125.

3 YVA-Sopimus 30-vuotta 1948-78, Helsinki: Opetusministeriö ja Ulkoasiainministeriö, pp. 12-13.

4 Punttila, L.A.: *The Political History of Finland 1809-1966*, Helsinki: Otava, 1974, pp. 169, 183.

5 Polvinen, Tuomo: *J.K. Paasikivi: Valtiomiehen elämäntyö* osa. 3, 1939-44, Juva: WSOY, 1995, p. 170.

6 Polvinen, Tuomo: *J.K. Paasikivi: Valtiomiehen elämäntyö* osa. 4, 1944-48, Juva: WSOY, 1999, p. 28.

with Stalin's earlier remarks on the permanent character of geography formed some of the cornerstones of the so-called Paasikivi-line of Finnish foreign policy.

The late Finnish diplomat Max Jacobson argued that Paasikivi considered Soviet interests towards Finland primarily as defensive and that state-level interests were more important than ideological considerations in this regard. Therefore, by satisfying the "legitimate" security interests of the Soviet Union (i.e. ones that could be justified as security interests) Finland could secure its independence and the continuation of its political system. This reasoning became a dogma of sorts in Finnish foreign policy in the Cold War era. This meant a policy of compliance towards the Soviet Union, but the bottom line for Finland was to comply only with such Soviet demands that could be regarded as security-related. Finland would thus not comply with ideological demands. Paasikivi assumed that the Soviet Union would not consider relations between the Soviet Union and Finland exclusively within the bilateral context but would have to take into account how its actions towards Finland could affect Western policies.⁷

Since Armenia currently faces foreign and security policy challenges similar to the ones faced by Finland after the Second World War, comparing the experiences of these two relatively small states may produce meaningful results. In the background, other historical links make the comparison even more useful. From 1828, when Eastern Armenia was incorporated into the Russian Empire in the treaty of Turkmenchai⁸ until the independence declaration of Finland in 1917⁹, both Armenia and Finland belonged to the same political entity. They formed, respectively, parts of the Southern and Western frontiers of the Russian empire. In 1918, both countries were newly established independent states with a very troubled recent history. Armenians had experienced the horrors of the genocide and Finland was engulfed in a Civil War between the reds and the whites. Moreover, as newly independent states, both Armenia and Finland were insecure in their regional security and geopolitical environments. The main difference was that whereas the Bolsheviks captured Armenia and included it into the Soviet Union in 1920, putting an end to the brief independence of the country, Finland was able to maintain its independence. However, in the same vein as the Treaty of Moscow in 1921 between Turkey and the Soviet Union shaped the borders of Armenia and left Ararat and Ani outside Armenia's borders, and in same year the Caucasus Bureau of the Communist Party assigned Nagorno-Karabakh to Azerbaijan¹⁰, the treaty of Tartu in 1920 confirmed the peace treaty between Finland and the Soviet Union,¹¹ leaving Leningrad exposed and threatened, thereby giving spark for further Finnish-Soviet wars.

As for today, in the European context, Armenia and Finland may appear distant countries, but in fact, the distance between Armenia and Finland is more of a mental barrier, since actually Armenia is closer to Finland than some of its fellow EU-member

7 Jakobson, Max: *Pelon ja toivon aika – 20. vuosisada tilinpäätös*, Helsinki: Otava, 2001, pp. 45,47,48.

8 De Waal, Thomas: *The Caucasus – An Introduction*, Oxford: Oxford University Press, 2010, p. 40.

9 Tarkka & Tiitta, op. cit., p. 125.

10 De Waal, op. cit., pp. 69, 72.

11 Tarkka & Tiitta, op. cit., p. 45.

states in the South-West. For example, the distance between Helsinki and Lisbon is more than 750 kilometers greater than the distance between Helsinki and Yerevan. Moreover, Finland has played a role in the efforts to solve conflicts in the Caucasus region. In 1995-96, Finland was one of the co-chairs (and still is a member) of the OSCE's Minsk group which facilitates efforts to resolve the Nagorno-Karabakh conflict between Armenia and Azerbaijan¹².

This paper aims to show how policies chosen by Finland after WWII and experiences from the Cold War era may provide ideas and inspiration not only for Armenia, but also for two other South Caucasus countries - Georgia and Azerbaijan, of how to establish mutually beneficial bilateral relations based on trust with the former - and perhaps still potential - enemy. More precisely, the aim of this paper is to analyze to what extent these Finnish experiences of re-establishing relations with the Soviet Union could be utilized in the context of Turkish-Armenian rapprochement and why? In the conclusion of his article "Foreign and Security Policy of Armenia: 'Complementarism' and 'Pragmatism'", Dr. Sergey Minasyan has compared current experiences of Armenia to those of Finland during the Cold War.¹³

THEORETICAL FRAMEWORK

Robert Keohane and Joseph Nye have distinguished significant differences between the concepts of *dependence* and *interdependence*, "[...] *dependence* means a state of being determined or significantly affected by external forces", where as "[...] *interdependence*, most simply defined, means *mutual dependence*." They emphasize that although interdependence *can be* a result of reciprocal transactions such as cross border commodity trade, it is the mutual costs in this pattern that separate *interdependence* from *interconnectedness*. Neither is interdependency axiomatically a mutually beneficial relationship, because, as Keohane and Nye point out, that is a subjective judgment made by outside observers and not necessarily an assessment of the actors involved. It is (the degree of) *asymmetry* in interdependent relationships that provides the political bargaining power that enables control of resources or ability to affect outcomes. Whether the perceived cost of restricted freedom of action exceeds the benefits in an interdependent relationship depends also on other factors, such as on the values of the actors and on the general nature of the relationship.¹⁴

Moreover, Keohane and Nye stress the important differences between the *sensitivity* and *vulnerability* dimensions of interdependence. In terms of the costs of depend-

12 Talvitie, Heikki: Georgia 2008, in Timo Hellenberg / Heikki Talvitie / Pekka Visuri / Risto Volanen (eds.): *Myrskyn silmässä – Suomi ja uudet kriisit*, Jyväskylä: WSOYpro, 2011, pp. 204-206.

13 Minasyan, Sergey: Foreign and Security Policy of Armenia: 'Complementarism' and 'Pragmatism', in Helena Rytövuori-Apunen / Helle Palu / Shushan Khatlamajyan / Nina Iskandaryan (eds.): *Security and Development in a Complex Policy Environment: Perspectives from Moldova, Armenia, Tajikistan and Kazakhstan*. Yerevan: Tampere Peace Research Institute, the Caucasus Institute and the Institute for Civil Society and Regional Development, 2012, pp. 90-91.

14 Keohane, Robert O. / Nye, Joseph S.: *Power and Interdependence: World Politics in Transition*, Boston and Toronto: Little, Brown and Company, 1977, pp. 8-11.

ence, sensitivity means liability to costly effects imposed from outside before policies are altered to try to change the situation. Vulnerability can be defined as an actor's liability to suffer costs imposed by external events even after policies have been altered. Therefore, it appears that vulnerability interdependence is more important than sensitivity interdependence in explaining political bargaining power that can be derived from interdependence patterns.¹⁵

THE FINNISH-SOVIET CASE: FROM AN ENEMY TO A PARTNER

It is interesting to find similarities not only in the challenging geopolitical circumstances of today's Armenia and of Finland in the Cold War era, but also in the policies adopted by both countries to cope with the limitations imposed by the challenging security policy environment.

After the Second World War, Finland declared neutrality as its foreign and security policy doctrine. However, potential military commitments stipulated by articles 1 and 2 of the Treaty of Friendship, Cooperation, and Mutual Assistance (FCMA) signed by Finland and the Soviet Union in 1948 questioned Finland's neutrality in the eyes of some Western leaders. Finland was not a *de facto* military ally of the Soviet Union, but the FCMA treaty obligated Finland to defend its territory against any attack by Germany or any country allied to Germany. More importantly, Finland was expected to defend its territory - if necessary, together with the Soviet Union - against any attack against the Soviet Union conducted via Finland. Moreover, by signing the FCMA treaty, Finland guaranteed not to join any alliance that was hostile to the Soviet Union.¹⁶ Therefore, there was no question of the possibility of Finland's membership in the North Atlantic Treaty Organization (NATO) throughout the Cold War era. This stands in stark contrast with three Nordic countries, Norway, Denmark and Iceland, which were among the founding member states of the alliance. It is, however, necessary to note that Sweden also remained neutral and did not join any alliance. Christer Pursiainen has argued that although Finland belonged to the Soviet sphere of influence, it held a special position, since the FCMA treaty did not include automatic military cooperation and Finland was not required to become a member of the Warsaw pact. However, in order to avoid Soviet military assistance, Finland had to develop and maintain strong defense forces.¹⁷ As the Finnish Historian L.A. Puntila noted in the 1970s regarding Finland's obligations in the Paris Peace Treaty and the FCMA treaty, "*Once suspicion was no longer prevalent, there would be no obstacles to either economic or cultural*

15 Keohane & Nye, op. cit., pp. 13, 15.

16 Puntila, op. cit., pp. 190-91; <http://www.finlex.fi/fi/sopimukset/sopsteksti/1948/19480017>

17 Pursiainen, Christer: Finland and Russia, in Bo Huld, Teija Tiilikainen, Tapani Vaahtoranta and Anna Helkama-Rågård (eds.): Finnish and Swedish Security – Comparing National Policies, Helsinki and Stockholm: Swedish National Defence College, the Finnish Institute of International Affairs and the Institut für Europäische Politik, 2001, pp. 146-47.

*cooperation. Cooperation of this kind would only serve to ties of friendship and mutual confidence. Finland's eastern border, the source of unrest and wars for centuries, would become a border of peace".*¹⁸

After the Second World War, the Paris Peace treaty in 1947 set restrictions on military equipment that Finland could acquire. For example, submarines and sophisticated missile systems were on the list of weaponry prohibited for Finland.¹⁹ Moreover, when Finland purchased military hardware from the West, it had to balance it out with more or less reciprocal purchases from the Soviet bloc. As a result, the main fighter jets of the Finnish air force were Soviet-made MiG-21 and the Swedish-made Saab Draken whereas the main battle tanks of the armed forces were Soviet-built T-55. These were not the typical military equipment of a Western army or air force of the time.

If one compares Finland's position and policies during the Cold War era to those of Armenia in the last twenty-plus years, one can find a number of interesting similarities. For example, integration strategies chosen by Finland in order to break the international isolation in a difficult geopolitical environment of the early Cold War era resemble the Armenian foreign policy of maintaining good relations with Russia while at the same time seeking carefully balanced integration with the West. The official line in Armenian foreign policy, known as "complementarism", is well explained by Alexander Iskandaryan in this book, where he argues that "the idea of this approach is that various foreign policy dimensions complement each other and need not be perceived as mutually exclusive [...] implementing a complementary policy involves carefully balancing between external players"²⁰. Quite like the Finnish foreign policy during the Cold War era, the Armenian complementary foreign policy has allowed it to avoid making a definite choice between Russia and the West²¹. Armenian foreign policy is an example of how being pro-Western does not require being anti-Russian and vice versa. The same was true for Finnish foreign policy after the WWII, although in the Finnish case, pro-Soviet did not mean anti-Western, since the declared aim of Finnish foreign policy was to stay outside superpower and bloc rivalry. Instead, Finland tried to position itself as a country trying to build bridges between the socialist and the capitalist blocs. As Iskandaryan has noted in his article, "Armenia's failure to make up its mind makes the West regularly criticize it for being pro-Russian, whereas Russia frowns at each move that Armenia makes in the pro-Western direction."²²

In the 1960s, "Finlandization" became a popular term in the West, defined as a policy of a state not to oppose the substantial interference and influence of a more powerful neighbour in its (foreign and domestic) policies while maintaining sovereignty but being in danger of losing parts of its independence. Naturally for proponents of

18 Puntila, op. cit., p. 191.

19 Visuri, Pekka: Suomi kylmässä sodassa, Helsinki: Otava, 2006, p. 88.

20 Iskandaryan, Alexander: Armenia's Foreign Policy: Where Values Meet Constraints, in this book, p. 6.

21 See Minasyan, op. cit., p. 90.

22 Iskandaryan, op. cit., p. 6.

“Finlandization” the Soviet-Finnish relations were an alarming example of this phenomenon, and they failed to understand the logic of Finnish policy in an environment that offered very limited room to manoeuvre. As Sergey Minasyan argues, there are many similarities between “Finlandization” and the current situation where Armenia is sometimes called “an outpost of Russian imperialism”; however, in Armenia’s case, the precarious situation of the country is well understood in the West²³. As Iskandaryan points out, one of the key advantages of complementarism for Armenia is that it is not considered as an enemy or hostile state by either Russia or the West. In the case of Finland, the FCMA treaty outlined right from the beginning the intention of Finland to remain outside superpower rivalry²⁴. Moreover, in the words of President Paasikivi in the late 1940s, “Finland herself has no enemies and no one attacks Finland for its own sake.”²⁵

Armenia is a member state of the Collective Security Treaty Organization (CSTO); in addition, it has bilateral security arrangements with Russia in the form of the Collective Operational Response Force. Armenia also belongs to the unified air defense system of the CSTO.²⁶ Just as it happened with respect to the FCMA treaty of Finland in the previous decades, some Western policymakers and commentators tend to regard these military alliances and commitments by Armenia as indications that Armenia unambiguously belongs to Russia’s sphere of influence, without taking into consideration its difficult security policy position and the forms of Euro-Atlantic integration that Armenia is involved in. Similarity with the FCMA treaty of Finland can also be seen in the fact that Armenia’s military commitments are not automatic and as a proof of that, it was not required to provide assistance for Russia in its war with Georgia in August 2008. Armenia’s heavy dependence on Russian/Soviet military equipment is also somewhat similar to that of Finland during the Cold War era (but only to a certain degree). Reasons for this are explained by the FCMA treaty of Finland and by the bilateral and multilateral alliances of Armenia with Russia. Soviet legacy also plays a part. Both countries have fostered large Russian/Soviet military bases. In Finland, the Soviet Union had a large naval and military base for twelve years (1944-56) in Porkkala just 40 kilometers from the capital Helsinki, whereas in Armenia the 102nd military base in Gyumri is still stationing a considerable Russian military contingent and a substantial amount of weaponry. Both countries also emphasized strong defense forces, albeit for different reasons. Obviously, Armenia is preparing, arming and training its armed forces for the possible rematch with Azerbaijan over Karabakh. As to Finland, it needed its strong defense forces to show the Soviet Union that it could defend its territory against any attack, thereby trying to avoid at all costs the implementation of the military articles of the FCMA treaty. Finland considered these a threat despite all positive economic and political

23 Minasyan, *op. cit.*, p. 91.

24 Tarkka & Tiitta, *op. cit.*, p. 187.

25 As quoted in Pursiainen, *op. cit.*, p. 145.

26 Minasyan, Sergey: *Nagorno-Karabakh After Two Decades of Conflict: Is Prolongation of the Status Quo Inevitable?* Yerevan: Caucasus Institute, 2010, p. 39.

ties between Soviet Union and Finland. Therefore, attitudes towards (potential) military cooperation with USSR/Russia have been fundamentally different in Armenia and in Cold War era Finland. In Finland, this military cooperation was perceived as a threat, whereas in Armenia it has been seen as an ultimate guarantee of security.

TWO STEPS FORWARD, ONE STEP BACK: RECIPROCAL TRADE PATTERNS AND DUAL INTEGRATION PATHS

Finland began its integration into international organizations very carefully by acquiring membership in the Council of the Nordic States in 1955.²⁷ Finland's closer ties and free trade agreements with Western European economic organizations had to be balanced with reciprocal treaties with the Eastern bloc. For example, when Finland needed to sign free trade agreements with the European Free Trade Association (EFTA) in order remain competitive in the Western markets, the same tariff-free regime was introduced to the trade with the Soviet Union in order decrease Soviet suspicions with regard to Finland's integration with EFTA.²⁸ However, it was more difficult for Finland to conclude a free trade agreement with the European Economic Community (EEC) in the 1970s, because the Soviet Union regarded it as an economic arm of the NATO. Again, in order to diminish Soviet concerns over the EEC-treaty, Finland also signed a free trade agreement with the Council for Mutual Economic Assistance (CMEA).²⁹

Finland was the most important Western trading partner of the Soviet Union until the mid-1960s when the Soviet trade volumes with West Germany exceeded those with Finland. However, even after that, Finland remained the second most important Western trading partner throughout the remaining Cold War period.³⁰ For example, in 1953, Finnish exports to the Soviet Union accounted for an impressive 47.7 % of the total exports from Western Europe to the USSR.³¹ The numbers are quite remarkable considering the differences in size and scale between economies of Finland and countries like West Germany. Austria, meanwhile, established a similar dominant position in economic relations with those East European socialist countries that had been previously part of the Austro-Hungarian Empire³². Both Finland and Austria were non-aligned neutral states that tried to balance between East and West and maintain

27 Tarkka & Tiitta, op. cit., p. 211.

28 Androsova, Tatiana: Economic interest in Soviet post-war policy on Finland, in Sari Autio-Sarasmo and Katalin Miklóssy: *Reassessing Cold War Europe*, London and New York: Routledge, 2011, p. 40.

29 Stubb, Alexander: Suomen Venäjän-kaupan historia, nykypäivä ja tulevaisuus, 19 November 2012, <http://www.alexstubb.com/fi/blog/1967/#.UfhTr3c8wb5>

30 Kivikari, Urpo: Finland, in Desai Padma (ed.): *Going Global, Transition from Plan to Market in the World Economy*, Cambridge, MA: The MIT Press, 1997, p. 275.

31 Jensen-Eriksen, Niklas: Western export control policies, Finland and the Cold War, in Sari Autio-Sarasmo and Katalin Miklóssy: *Reassessing Cold War Europe*, London and New York: Routledge, 2011, p. 58.

32 Jensen-Eriksen, op. cit., p. 58.

good relations with both. This balancing also bore fruit. For example, in the 1950s the Soviet Union imported agricultural products only from the Eastern Bloc, Finland being an exception.³³

The Soviet Union accepted and in some cases even encouraged Finland's Western business contacts, in order that the USSR could learn, via Finland, about Western technology achievements and industrial experience. In Finland, the Soviet companies run by different ministries could practice doing business with "normal companies" operating in the capitalist system.³⁴

Within the framework of the Soviet-Finnish scientific-technological cooperation, Soviet specialists and scientists came to Finland and visited factories and other production facilities in order to gather information - at first on practicalities and later, more and more, on specific technologies being used in these facilities. For example, in 1970, Finland was the only country where Soviet specialists could study IBM computers.³⁵ Finland was not a member of the Coordinating Committee (CoCom) that tried to impose an embargo on exports of strategic technologies to the Soviet bloc.³⁶ Therefore, there was some level of suspicion in the West regarding Finnish-Soviet economic cooperation. There was a concern in the West that the Soviet Union could acquire advanced Western technology via Finland despite CoCom restrictions on export or re-export of high-tech or strategic items to the Eastern bloc. Indeed, the Soviet Union was interested in acquiring Western technology and Finland was the country that it tried to acquire it from. In this respect, the Soviet Union placed high hopes on the Finnish-Soviet technology cooperation agreement. Nevertheless, even though Finland was not a CoCom member, it secretly started to obey CoCom re-export regulations in order to avoid further restrictions on technology purchases from the West.³⁷

300 million dollars of war reparations that the Soviet Union demanded from Finland between 1944 and 1952 also played an important role not only in developing Finnish-Soviet economic relations, but also in industrializing Finland, since the Soviet Union - having suffered large-scale destruction of its infrastructure in the war - ordered Finns to deliver products of metal industry to the Soviet Union.³⁸ Another economically significant fact was that Finland turned down the European Recovery Program (ERP) or the Marshall Plan offered by the United States after the war, because it became a contradictory issue between the superpowers.³⁹

33 Androsova, *op. cit.*, p. 39.

34 Interview with Dr. Sari Autio-Sarasmo, 5 August 2013.

35 Autio-Sarasmo, Sari: Soviet scientific-technical cooperation with Finland and West-Germany, in Sari Autio-Sarasmo and Katalin Miklóssy: *Reassessing Cold War Europe*, London and New York: Routledge, 2011, pp. 70-72.

36 Hanson, Philip: The Soviet Union's acquisition of Western technology after Stalin - Some thoughts on people and connections, in Sari Autio-Sarasmo and Katalin Miklóssy: *Reassessing Cold War Europe*, London and New York: Routledge, 2011, pp. 18-19.

37 Jensen-Eriksen, *op. cit.*, pp. 54-56, 59.

38 Visuri, *op. cit.*, pp. 32-33.

39 Visuri, *op. cit.*, p. 86.

Convertible-currency balances became an obstacle for the Soviet Union when it tried to purchase technology from the West. Since Finland was a trade partner that had a bilateral settlement system set up with the Soviet Union, purchases of Finnish industrial products could be balanced out in the overall levels of transactions between Finland and the Soviet Union.⁴⁰ Moreover, Soviet-Finnish economic interactions became an example of how two ideologically different states were able to embark on economically profitable relations. Besides, relations with Finland offered the Soviet Union a good opportunity to present Finland as a trading partner outside the Soviet bloc.⁴¹

Even before the collapse of the Soviet Union, trade between Finland and the Soviet Union diminished to a fraction of its former level, because of decreased oil prices, fundamental problems in the Soviet economy and the changing method of payments of trade from the bilateral settlement system to convertible currencies.⁴² By 1990, the Soviet Union was in a serious economic crisis and could not import the same quantities of Finnish products that were previously made exclusively for the Soviet market and were mainly uncompetitive and unattractive in the Western markets.⁴³

Towards the turn of the millennium, Russia stabilized both economically and politically. Because of increased prices of oil and gas and rapid economic growth, demand for foreign imports grew substantially. For example, from 2000 to 2008 imports to Russia grew by 550%. Another important circumstance in this context is that with the collapse of the Soviet Union, Russia lost most of its ocean ports to the other newly independent ex-Soviet republics. In the Baltic Sea, Russia only had ports in Kaliningrad and at the far end of the Gulf of Finland. Therefore, the capacity of Russian ports was not sufficient to handle the expanding demand for foreign products, especially cars. Finland had many efficient harbors and ports in the Gulf of Finland and the Finnish transport infrastructure (roads and railways) was in far better condition than that of Russia. As a result, Finnish harbors became transit ports for goods exported to Russia. For example, 10% of Russian imports came through Finnish ports in 2009; before the global economic crisis in 2008, the share of transit via Finnish ports was 26%.⁴⁴

There are similarities in trade patterns between nowadays Armenia and Finland of the Cold War era. Although both put special emphasis on cordial political relations with Russia/the Soviet Union and even special status for trade with Russia/the Soviet Union, for both countries trade with West European countries was more significant in terms of turnover. Even though the Soviet Union was the single most important trading partner for Finland, and Russia is still the most important single trading partner for Armenia, it is the European Union that accounts for the largest share of Armenia's foreign trade turnover, 30%⁴⁵. In 2009, the

40 Hanson, op. cit., p. 18.

41 Androsova, op. cit., pp. 33-34, 40.

42 Visuri, op. cit., p. 309.

43 Tarkka & Tiitta, op. cit., p. 301.

44 Sundberg, Pekka/Räsänen, Olli/Posti, Antti/Pöntynen, Riitta: Suomen transitoliikenne nyt ja tulevaisuudessa - SPC Finlandin transitoselvitys, Turku: University of Turku/Centre for Maritime Studies, 2010, pp. 16, 20, 24.

45 EU in Armenia, EU Centre, <http://eucentre.am/explore-eu/eu-in-armenia/>

EU's share of imports to Armenia was 31.4% compared to Russia's 13.7%, whereas in Armenia's exports, the relative difference in shares was far greater: 46.9% to the EU and 11.6% to Russia⁴⁶. The same was true for Finland throughout the Cold War. Finland always traded more with the West than with the Eastern bloc.

As the political scientist Karen Bekaryan has pointed out, "a number of goods produced by Armenia could not compete in the EU market and can be sold only within the CIS"⁴⁷. That was exactly the case for many Finnish products at the turn of the 1980s and the 1990s, when the Finnish-Soviet bilateral trade was reduced to a tiny fraction of its former levels.

However, the main difference in trade patterns lies in logistics. Unlike Armenia, Finland never had obstacles to its trade, such as closed borders or having to transit its main imports or exports via third countries. Direct trade routes to the West always remained open for Finland. In comparison, currently 80% of the Finnish foreign trade is conducted via sea transports from its own harbors⁴⁸ whereas 90% of Armenia's foreign trade is transited via Georgia and the Georgian ports⁴⁹. According to some estimates, the opening of the Armenia-Turkey border would reduce transport costs for Armenia by 45% if the logistics could be established more directly with Turkey's ports in the Mediterranean.⁵⁰ Turkey, Georgia and Azerbaijan are tightening their cooperation in the sphere of transportation by building the Baku-Tbilisi-Kars railway connection that will bypass Armenia. Should the Turkish-Armenia border be opened, the Gyumri-Kars railway could be refurbished. That would open a possibility for Armenia to become a transit state in East-West trade.⁵¹ In order for Armenia to achieve the kind of East-West gateway status that Finland had during the Cold War, the sealed borders with Azerbaijan would need to be opened as well.

For a while, Armenia did not commit itself to the Russia-led initiative on forming the Eurasian Union, which would become sort of a European Union style economic integration project of selected ex-Soviet states to further remove taxes and tariffs in the trade between them. Instead Armenia signed a non-binding memorandum of understanding in April 2013 with the Customs Union of Russia, Kazakhstan and Belarus⁵². There has been a lively debate in Armenia on the issue of joining the Eurasian Union. Many times this debate has been centered on the question whether Armenia should emphasize integration with the European Union or the Eurasian Union and whether these Western and Eastern integration projects are mutually exclusive.⁵³ Some Arme-

46 Grigoryan, Sargis / Narmania, Davit: Cross-Border Co-operation between Georgia and the Republic of Armenia (Existing Problems and Challenges), CARE International in the Caucasus, 2010, p. 49.

47 Eurasian Union cannot be compared with EU yet: political scientist, Armenpress, 12 July 2013, <http://armenpress.am/eng/news/725940/eurasian-union-cannot-be-compared-with-eu-yet-political-scientist.html>

48 Solakivi, Tomi / Ojala, Lauri / Lorentz, Harri / Laari, Sini and Töyli / Juuso: Finland State of Logistics 2012, Ministry of Transport and Communications Finland, p. 26.

49 Baghramyan, Mher: The Economic Impact of Opening the Armenian-Turkish Border, Armenian International Policy Research Group/Norwegian Institute of International Affairs, 2012, p. 9.

50 Grigoryan & Narmania, op. cit., p. 31.

51 Baghramyan, op. cit., pp. 9-10.

52 Armenia Again Signals No Entry Into Russian Trade Bloc, Armenialiberty, 11 April 2013, <http://www.armenialiberty.org/content/article/24955170.html>

53 European Union or Eurasian Union: Armenia's ex-premier speaks of Armenia's prospects, Armenian News -

nian officials have pointed out that Armenia does not have common border or direct links with the Eurasian Union member states.⁵⁴ The same is true for the European Union of course, but should Georgia successfully complete its Association Agreement with the European Union, that would create a common border between Armenia and the customs area of the European Union.⁵⁵

However, things changed in the beginning of September 2013, when after strong pressure from Russia, the Armenian President Serzh Sargsyan declared that Armenia would join the Eurasian Customs Union and would also contribute in still unspecified ways to the creation of the Eurasian Union. At the same time, Armenia was also forced to put on hold its initialization of the Association Agreement with the European Union including the Deep and Comprehensive Free Trade Area (DCFTA).⁵⁶

If Armenia will establish closer cooperation and integration with the Eurasian Union without actually becoming a member state, that would be rather similar to the Finnish approach to the Council for Mutual Economic Assistance (CMEA) in the Cold War days. Especially if Armenia doesn't entirely disregard the European integration, but rather Armenia's Western integration will be just postponed until the international environment is again more suitable for it. Finland signed free trade agreements with the CMEA and its member states, but didn't want and was not required to become a full member of the organization. Moreover Finland also carefully balanced its EFTA and EEC integration with reciprocal treaties with the Soviet Union or the CMEA. For Finland these were geopolitical necessities of the era and for decades, prospects for Finland's further European integration did not look very promising. Nevertheless, at the end of the day, Finland became EU-member state in mid-1990s. Therefore, when Armenia is now taking painful steps back from its European path, the Finnish-CMEA cooperation could serve as a positive reminder in this context that there is still light at the end of the tunnel for Armenia's integration into European structures. However, it just might take longer than was expected earlier on this year.

TAKES TOURISM TO TANGO

Another sphere of life that good relations with the Soviet Union had influence on was tourism. Among the capitalist countries, Finland was the main destination for Soviet tourists during the Cold War era. For example, in 1974, Soviet tourists were the third largest tourist group in Finland after Swedes and Germans.⁵⁷ Despite

Tert.am, 30 July 2013, <http://www.tert.am/en/news/2013/07/30/hrant-bagratyan-interview/>

54 Armenia Again Signals No Entry Into Russian Trade Bloc, Armenialiberty, 11 April 2013, <http://www.armenialiberty.org/content/article/24955170.html>

55 Minasyan, Sergey: Armenia and Georgia: A New Pivotal Relationship in the South Caucasus, PONARS Eurasia Policy Memo No. 292, September 2013, p. 3. <http://www.ponarseurasia.org/memo/armenia-and-georgia-new-pivotal-relationship-south-caucasus>

56 See Minasyan, op. cit., pp. 1, 3; Armenia To Join Russian-Led Customs Union, RFE/RL, 3 September 3, 2013 <http://www.rferl.org/content/armenia-customs-union/25094560.html>

57 Kosonen, Riitta / Paajanen, Malla / Reittu, Noora: Etelä-Suomi venäläisten turistien länsimatkailussa, Helsinki: Helsinki School of Economics, 2005, p. 9. See: <http://epub.lib.aalto.fi/pdf/hseother/b59.pdf>

many restrictions, Finland was more accessible to Soviet citizens than other countries of the West. During their visits to Finland, Soviet citizens gained firsthand experience of life in the West.

This system was a two-way street and, as a result, Finns were able to travel to the Soviet Union more frequently and more easily than citizens of other Western countries could. This was especially true for businesspeople and specialists who got the opportunity to establish contacts that bypassed inflexible formal channels due to the Finnish-Soviet Commission for Scientific and Technical Cooperation, which was set up for improving and coordinating the collaboration.⁵⁸ The main attraction for the ordinary Finnish tourists was the difference in price levels. The Soviet Union was inexpensive and therefore attractive for some Finns.

Cross-border tourism between Armenia and Turkey could be in many ways similar to the current tourism flows between Finland and Russia. Just as many Finns enjoy visiting former Finnish Karelia, now part of the Russian Federation, there are many in the global Armenian diaspora who, if the borders were open, would combine a visit to former Armenian regions now located in Eastern Turkey to a visit to Armenia. More than 60% of the visitors to Armenia in 2009 were diaspora Armenians. Moreover, open borders with the possibility to visit or climb Mount Ararat would be very attractive for diaspora visitors and local Armenians alike. On the other hand, the strong economic growth of Turkey is creating a wealthy middle class that could be interested in traveling to Armenia, much like Russians from St. Petersburg region visiting Finland, if Armenia were properly marketed and visits made easy. In the end, regions on both sides of the border would be revitalized and enjoy joint economic benefits. These would go a long way to advancing further reconciliation.⁵⁹

FROM TWIN CITIES TO TWIN PEAKS: POTENTIAL OF CROSS-BORDER COOPERATION

Many cross-border initiatives between Finland and the Soviet Union were unique compared to USSR's relations with most other Western countries. For example, the city and mining facility in Kostamuxsa (Kostamus) and the wood processing facility in Svetogorsk were constructed by Finnish labor force in 1977-85 and 1972-84 respectively. Projects like these were rather lucrative for Finnish construction companies.⁶⁰ The Kostamuxsa project was of vital importance to the Finnish region of Kainuu, which was suffering of high unemployment at the time of construction.

In 1993, a cooperation agreement was signed between Imatra (Finland) and Svetogorsk (Russian Federation), and the two developed a concept of "twin city." For a long time, Imatra-Svetogorsk was the only twin city project across the border between

58 Interview with Dr. Sari Autio-Sarasma, 5 August 2013.

59 See Baghramyan, *op. cit.*, pp. 11-12.

60 Simon-Erik Ollus / Heli Simola: *Russia in the Finnish Economy*, Helsinki: Sitra, 2006, p. 19.

the European Union and the Russian Federation. Only as late as 2004, when the Baltic States joined the EU, did Narva-Ivangorod become the other twin city pair spanning the EU-Russia border.⁶¹ In 2002, movement across the border was made possible by establishing an international border crossing point at Imatra-Svetogorsk.

The idea behind the Imatra-Svetogorsk twin city was to create short of a China-type experiment on the Finno-Russian border by establishing industrial or business parks, where companies would benefit from lower labor costs and growing markets on the Russian side and at the same time utilize more developed infrastructure in Finland or establish parts of the production on the Finnish side. Moreover, Finnish and non-Russian employees and workers of the companies operating in these business parks could reside on the Finnish side of the border and commute across the border to work. For example, the American company JM Huber has its US employees residing in Finland, whereas the factory operates on the Russian side of the border.⁶² Other forms of cooperation between the cities include teacher, student and cultural exchanges between schools and cooperation in language education.⁶³ There are also regular exercises and well-established cooperation between the fire departments of Imatra and Svetogorsk. Travel from the other side of the border without customs formalities takes less than 10 minutes, and Finnish firefighters have helped their Russian colleagues in a number of emergencies in the past twenty years.⁶⁴ However, in a barometer conducted in 2007, only 10% of the inhabitants of Imatra and 33% of Svetogorsk considered themselves inhabitants of a twin city. Apparently, "twin city identity" has penetrated only minority of the population in both cities and some of the old suspicion towards the other still remains.⁶⁵

In October 2011, an earthquake hit the area surrounding the city of Van in Eastern Turkey just 150 kilometers from the Turkish border with Armenia. The Armenian Emergency Situations Ministry dispatched a plane to Turkey full of relief aid including tents, blankets and sleeping bags that were to be distributed by the Red Crescent to earthquake victims.⁶⁶ According to Armenian news sources, right after the earthquake Armenia made an offer to send rescue teams to help the rescue efforts in the disaster area, because flight time from Yerevan to Van is just about 40 minutes. Turkey, however, turned down this and other offers of foreign assistance, arguing that it had adequate resources of its own.⁶⁷ In the future, one mutually beneficial area of cross-border

61 Mistä kaksoiskaupungissa on kysymys?, Imatran kaupunki, <http://kanava.etela-karjala.fi/Kiinteasivu.asp?KiinteasivuID=6777&NakymaID=216>

62 Hannula, Milla: Yritystä rajalla, in Milla Hannula / Maija Hämäläinen-Abdessamad: Vuoksen varrella vieretysten – Imatra ja Svetogorsk yhteistyössä, Lappeenranta: Etelä-Karjala instituutti/Lappeenrannan teknillinen yliopisto, 2008, pp. 45-47.

63 Hannula, Milla: Vuoroin kouluvierailuilla, in Hannula & Hämäläinen-Abdessamad, op. cit., pp. 53-57.

64 Hannula, Milla: Imatra ja Svetogorsk tulessa, in Hannula & Hämäläinen-Abdessamad, op. cit., pp. 93-96.

65 Kaisto, Virpi and Nartova, Nadezhda: Imatra-Svetogorsk-kaksoiskaupunki - asennebarometri 2007, Lappeenranta: Etelä-Karjala-instituutti/Lappeenrannan teknillinen yliopisto, 2007.

66 Armenia Sends Earthquake Relief Aid To Turkey, RFE/RL, 28 October 2011, http://www.rferl.org/content/armenia_sends_earthquake_aid_to_turkey/24374528.html

67 Armenia Sends Aid After Eastern Turkey Earthquake, the Armenian Reporter, 23 October 2011, <http://www.reporter.am/go/article/2011-10-23-armenia-sends-aid-after-eastern-turkey-earthquake>

cooperation between Armenia and Turkey could be the joint preparation of the two countries' emergency services to natural disasters, such as earthquakes, in the vicinity of the common border. Lessons could be learned from the cross-border cooperation of the Imatra and Svetogorsk fire departments described above.

SLOWLY CHANGING ATTITUDES AS AGENTS OF CHANGE

After the collapse of the Soviet Union, the Finnish-Russian border presented perhaps the widest gap of living standards in the world. The Finns perceived Russians at that time not as a military threat, but rather as a soft security threat associated with increasing criminality coming from Russia. In the beginning of the 1990s, there were signs on doors of shops in Eastern Finland stating "Only one Russian at a time." However, suspicious attitudes in Finland towards Russians have changed dramatically in the past twenty years. Now cities in Eastern Finland try to attract wealthy Russians to spend money in their shops and hotels, offering Russians service in their own language. Recently the Russian ruble has been added to the list of currencies accepted at Helsinki's main department store, Stockmann. Moreover, an increasing number of Russian citizens have purchased properties and land in Finland. Many Finnish communities and municipalities near the Russian border have become increasingly dependent upon extra revenues that Russian citizens bring to their economies. Illustratively, Russian tourists bring annually more than ten million Euros to the border city Imatra alone.⁶⁸

Due to increased interaction and mutually beneficial economic cooperation since the Cold War years, the earlier enemy images, negative attitudes and fear towards Russia and the Russians that had been deeply rooted in the first decades of independence of Finland and the inter-war period were slowly transformed into an increased level of mutual trust. Of course, at the early stage these were more political necessities than genuine changes in attitudes.

However, according to surveys, the attitudes of Finns towards Russia and the Russians have not been improving nearly as fast as the speed of increased cooperation would suggest. In 2004, 67% of the Finns expressed negative or very negative attitudes towards Russia in an international survey conducted by Gallup International. Among all countries covered by the surveys, Finns had the second most negative attitudes towards Russia. In a more comprehensive survey conducted by Taloustutkimus in the same year, the results were more positive. The majority of the respondents regarded Russia in a positive or neutral light and only a quarter held negative attitudes. According to this survey, the attitudes towards Russians were even more favorable: 33% of the Finns had friendly feelings toward Russians and only 18% had a negative or very negative opinion of Russians. 76% of the respondents who had a negative attitude towards Russia explained it either by the experience of the two wars with the Soviet Union or by the current domestic situation in Russia, emphasizing perceived instability, criminality and corruption.⁶⁹

68 Hannula, Milla: Yritystä rajalla, in Milla Hannula and Maija Hämäläinen-Abdessamad in Vuoksen varrella vieretysten – Imatra ja Svetogorsk yhteistyössä, Lappeenranta: Etelä-Karjala instituutti/Lappeenrannan teknillinen yliopisto, 2008, p. 49.

69 Seppänen, Esa: Venäjä vanha tuttu, vaan niin vieras – Suomen naapurikuvan todet, luulot ja harhat, Helsinki: Tammi, 2010, pp. 312-13.

In both Armenia and in Turkey, attitudes towards opening of the border and reconciliation between the two states have been reserved to say the least. In an opinion poll conducted in Armenia in 2010, around 33% of the respondents supported the opening of the border, while 30% were against it.⁷⁰ In Turkey, 50% of respondents were against the opening of the border and only 27% supported the idea.⁷¹ If we bear in mind how slowly attitudes towards Russians have been changing in Finland even with a lot of (positive) interaction in the border regions, one should not expect any quick changes of attitudes in either Armenia or Turkey. This however, just underlines the importance of keeping existing civil society contacts alive.

KARELIA: LOST BORDER REGION TURNED INTO JOINT EUREGIO

According to Finnish policy, border changes can only be made by means of negotiations and Finland does not have territorial claims on Russia, including any demands of returning Karelia⁷² or other territories lost to Russia in the previous two wars.⁷³ In the mainstream Finnish discourse, former Finnish Karelia is not referred to as "occupied territory." Only very marginal NGOs are vocal in their demands for returning Karelia.⁷⁴ In all the recent opinion polls on this issue, the majority of respondents have been against the idea of Karelia's return to Finland. In the latest survey conducted in 2012, an overwhelming 58% of the respondents were against the returning of Karelia, whereas only 38% spoke in favor of the return.⁷⁵ Therefore, the marginal ProKarelia movement and similar groups are hardly in a position to jeopardize the positive Finnish-Russian relations, unless some of those groups' statements get misused by Russian political actors for their own political ends. On the contrary, elderly Finns who are from Karelia or whose relatives had previously lived in Karelia have the opportunity to visit their former villages, towns and sometimes even their old houses. Even WWII veterans from Finland and Russia have held joint meetings and shared memories and experiences.⁷⁶

70 Danielyan, Emil: Armenian poll shows weak popular support for Turkey ties, Armenian Marketing Association, 29 March 2010, <http://www.armeniamarketing.com/en/news/media-about-us/354-armenian-poll-shows-weak-popular-support-for-turkey-ties>

71 Turkish Poll Finds Little Support For Armenia Border Opening, 5 January 2011, <http://asbarez.com/91326/turkish-poll-finds-little-support-for-armenia-border-opening/>

72 Finns have recognized the fact that incorporating the lost Karelia back to Finland-proper would not only be a tremendous financial undertaking for a small country, comparable to the unification of Germany or an even more expensive effort, but it would also require relocating 800 000 Russian citizens now living in Karelia or including them as Finnish citizens, which would fundamentally transform the ethnic balance in Finland. This is quite remarkable since Karelia played a special role in the process of Finnish identity building, as Karelia was/is the Finnish mythical spiritual heartland where the Finnish national epic Kaleva supposedly takes place.

73 Pursiainen, op. cit., p. 151.

74 See the website of the ProKarelia citizen movement: <http://www.prokarelia.net/en/>

75 Enemmistö ei kaipaa Karjalaa takaisin, Yle Uutiset, 2.7.2012 http://yle.fi/uutiset/enemmisto_ei_kaipaa_karjalaa_takaisin/5159690

76 Suomalaiset ja venäläiset sotaveteraanit löivät kättä päälle – ei koskaan enää sotaa, Suomen pääkonsulaatti Pietari, 7.3.2011, <http://www.finland.org.ru/public/default.aspx?contentid=214601&nodeid=40112&contentlan=1&culture=fi-FI>

Within the *Euregio Karelia Neighbourhood programme*, the Finnish and Russian border regions cooperate in order to promote economic and social development (as well as good neighborly relations) across the common frontier. The program aims at more flexible border crossing procedures and enhancing cross-regional dialogue, cultural exchange and economic activity. In the program, the joint decisions are made by the participating Finnish and Russian regions, whereas the states have only been granted an observer status. One of the lessons to be learned from this example is that cooperation on regional level between local authorities on practical questions regarding transportation, communication, economy and culture has great potential to develop the frontier regions in mutually beneficial ways that could eventually increase confidence between the neighboring societies.⁷⁷

As Finland joined the European Union in 1995, many of the EU policy frameworks became forums for cross-border cooperation at the regional level. Such is the Finnish initiative on Northern Dimension (ND) drawn up in 1999 as a common policy shared by four equal partners: the European Union, Norway, Iceland and the Russian Federation. The policy framework covers a broad geographic area from the European Arctic and Sub-Arctic to the Southern shores of the Baltic Sea and from North-West Russia in the East to Iceland and Greenland in the West. The policy framework's main objectives are to provide a common framework for the promotion of dialogue and concrete cooperation, to strengthen stability and well-being, intensify economic cooperation and promote economic integration, competitiveness and sustainable development in Northern Europe. The focus of the Northern Dimension initiative was entirely on non-military issues such as cross-border cooperation, environmental protection, infrastructure, nuclear safety and so on. According to Crister Pursiainen, the aim of the Northern Dimension was to integrate Russia into Europe through increased interdependence, which, in turn, would increase security and stability in Northern Europe.⁷⁸

Should Turkey become an EU member state in the distant future, there could be opportunities to establish Euregios at its Eastern and North-Eastern borders in the South Caucasus, for example, following the experiences of Euregio Karelia. Alternatively, the model of the Northern Dimension could be used to promote more comprehensive regional cooperation with the Caucasus. Should Turkey become an EU-member state, it would also be a nexus point between Eastern Partnership and Euro-Mediterranean partnership linking the frameworks together. However, since Turkey's membership prospect is conditioned by many uncertainties, in the meantime the Eastern Partnership Civil Society Forum could be utilized to a greater extent to strengthen Turkish-Armenian dialogue.

77 Palonkorpi, Mikko and Relitz, Sebastian: Regional cooperation as an instrument for peace building and reconciliation – best practices and lessons from Europe, Aleksanteri Institute, 2010, http://www.helsinki.fi/aleksanteri/english/projects/cross_border_cooperation.htm
See also: <http://www.euregiokarelia.com/en/>

78 Pursiainen, op. cit., p. 151; European Union - European External Action Service (EEAS): Northern Dimension, http://www.eeas.europa.eu/north_dim/

CONCLUSION

In most parts of Europe, borders unite rather than separate nations, peoples or families. This constitutes a fundamental difference between the geopolitical environments in which Armenia and Finland operate. Whereas in the European Union, the aim is to move towards a Europe without borders, in the South Caucasus, the direction has been almost entirely opposite: borders and boundaries are either completely closed (as between Armenia and Turkey, Armenia and Azerbaijan, Karabakh and Azerbaijan), or semi-closed new borders/administrative boundaries are in process of being erected (between Georgia and South Ossetia and between Georgia and Abkhazia).⁷⁹ What will be the role of the borders in the future of Armenia? Will they connect or divide? More than twenty years ago, there was no need to talk about borders because the world was simpler in that respect, with two superpowers controlling all problem solving.

Since there are many fundamental differences between Finland and Armenia, very far-reaching or straightforward conclusions need to be avoided.

The main limitations to the applicability of the Finnish model to the Caucasus context are as follows:

Firstly, even during the most difficult phase of the Cold War era, Finland had more room for maneuver in foreign policy than Armenia currently has. Throughout the Cold War, Finland's borders and vital trade routes to the West remained open. By small steps, Finland joined many international organizations associated with the West. This process culminated with Finland's accession to the European Union in 1995, just slightly more than three years after the collapse of the Soviet Union and the annulment of the FCMA treaty. Despite this difference, the South Caucasus countries, and especially Armenia, may want to consider the fact that, despite the difficult and isolated geopolitical position in which Finland was during the Cold War, once the external foreign policy environment changed substantially, it was able to change its foreign policy fundamentals and get rid of constraining dependencies rather quickly. From this perspective, the opening of the common border and normalization of Turkish-Armenian relations are rather "when" than "if" questions. Recent mass rallies in Istanbul in defense of democracy and secularism, implications that Turkish EU membership negotiations might have in this regard and Turkey taking more seriously its "zero problems with neighbors" policy, could all give new impetus to the reconciliation process. In such an eventuality, an interesting question would be whether Finlandization could be regarded as a relevant concept in Armenia's relations not only vis-a-vis Russia, but also vis-a-vis Turkey.

The history of the South Caucasus region is long, complex and contested. Territories have changed hands in the course of the history so many times that all sides of the ethno-territorial conflicts of the region can pick and choose only those parts of history that support their claims to disputed regions. In a similar manner, when one compares the experiences of other countries (including Finland) with

79 However, it should be noted that the external borders of the EU such as the Finnish-Russian border still play significant role for both Finland and the Union, unlike the EU's internal borders, for example borders between the Benelux states.

those of the South Caucasus states, there is the danger of selectively emphasizing certain aspects over others. Thus, Azerbaijan often mentions the autonomy of the Eland islands as an example of conflict resolution, Armenia praises Finlandization as a smart policy that eventually led to a successful outcome, whereas Georgia compares Finland's armed resistance to the Soviet aggression in the Winter War with its own armed struggles with Russia.

However, all of these references are missing perhaps the greatest achievement of Finland that could function as an example to all three South Caucasus countries. It is an illustration of how a small country in a very difficult geopolitical environment understood that its own security would be best served by détente and an improved international atmosphere. As a result, one of the highlights of Finnish foreign policy in the late Cold War era was the Conference on Security and Co-operation in Europe held in Helsinki in 1975. The CSCE was a substantial step towards reconciliation and rapprochement between the Soviet block and the West. The Helsinki Final Act or Accords were important in their own right and set the foundation upon which the Organization for Security and Cooperation in Europe (OSCE) was later established. Beyond the CSCE, Finland promoted arms limitations negotiations, announced neutrality to be its foreign policy goal, advocated nuclear disarmament and a Nordic nuclear free zone, and wanted to be regarded as a superpower of peacekeeping, an ambition that in recent years has transformed into a drive to be a superpower in conflict resolution.

A typical counter-argument against the Armenia-Finland comparison is the fact that Finland was never subject to a genocide and therefore its national identity is not built upon a collective trauma of 1,500 000 perished compatriots. That could partly explain differences in the interpretation of borders, which in case of Armenia are regarded as a means of self-protection, because a border is understood as the stage of a possible attack⁸⁰ or, more precisely, as a potential materialization point of an existential threat. The fear is backed up by recent historical experiences. It is true that Finland has never experienced genocide and one could question the utility of an Armenia-Finland comparison from this perspective. On the other hand, with the exception of genocide, enough similarities in the historical experiences of the Finns and the Armenians can be found in order to justify the comparison. For centuries, the territories of both Finland and Armenia were battlegrounds for rivaling great powers. The result was not only the annexation of territories, but also occupation, general human suffering and what we would now call "war crimes against civilians". For example, the exact location of the Swedish-Russian border changed almost constantly in the course of history, affecting what parts of current Finland belonged to which great power: Russia or Sweden. The first "delimitation" of the border between Sweden and Novgorod was done in the treaty of Nöteborg in 1323. Both Armenia and Finland have lost significant proportions of their territories in recent wars and annexations, although this applies more to Armenia than to Finland, since Armenia has lost greater Armenia and has been reduced to only the core regions of ancient Armenia.

80 Presentation by Alexey Malashenko in *Across the Great Divide – Prospects for Regional Development Beyond Closed Border* seminar co-organized by the Caucasus Institute and the Aleksanteri Institute in Yerevan, 10 October 2011.

In the Second World War, Finland lost close to 100 000 soldiers and civilians, but despite these casualties, Finns were able to establish adequate relations with the former enemy. This raises the question: is it possible to measure levels of human suffering when comparing the Armenian genocide and the Finnish war casualties? Does it mean that the Finnish experience is incomparable with the Armenian one because genocide was a catastrophe on a different scale? Or, may one suggest that all parties of Turkish-Armenian rapprochement should work fifteen times as hard to overcome the mutual suspicion and achieve levels of trust that Finns and Russians have managed to achieve? For the Finns, the building of the enemy image did not begin with the Second World War, but many wars that preceded it. For example, in the so called "Greater Wrath", better known as the period of Russian occupation of Finland (1714–21), up to 10 000 Finns were killed, civilians raped, properties destroyed and pillaged and civilians sold to slavery. The intention here is not to undermine the horrors of the Genocide and its implications in any way, but to show how Russia/Soviet Union was throughout Finnish history regarded as an existential threat but despite this, functioning neighborly relations were established eventually.

When Armenia seeks to establish closer ties with the Euro-Atlantic structures, it makes sure that this integration does not jeopardize its vital alliance with Russia. Yet, just like in the Finnish-Soviet relations during the Cold War era, there are many nuances in the Russian-Armenian relations, where asymmetry does not automatically imply compliance. Differences between Finland and Armenia can be well contextualized by referring to the sensitivity and vulnerability interdependence concepts by Keohane and Nye. Since the end of the Cold War, Finland's path has been away from partial political and economic dependence on the Soviet Union to an interdependence relationship with Russia, and in this case, sensitivity has replaced vulnerability in many areas. In Armenia's case, the development has been different, since two closed borders have meant that dependency/interdependency patterns have been characterized by greater vulnerability with less room for maneuver. The question, therefore, is: would cross-border cooperation schemes with Turkey and possibly an open border eventually reduce Armenia's dependency on Russia and on Georgia and Iran as transit countries for trade? Moreover, what kind of interdependence would develop between Turkey and Armenia? Would this imply a change from vulnerability dependence to sensitivity interdependence, where the relationship would still be asymmetric interdependence in Turkey's favor? The answer to those questions remains to be seen, but regardless of the patterns that could evolve, I prefer to think that this would be a Pareto improvement for all parties concerned and outside actors as well.

POLICY RECOMMENDATIONS:

1. *Establishing “sister cities” projects between Armenia and Turkey.* Sister cities or twin towns played an important role in building up links between Finland and the Soviet Union (later Russian Federation). These include sister city pairs such as Espoo-Sochi, Tampere-Nizhny Novgorod and Turku-St. Petersburg just to name a few. The last one is particularly important, because President Vladimir Putin visited Turku often in the 1990s, when he still worked for the St. Petersburg city administration, and some of the personal connections between Putin and officials in Turku have remained. Many Armenian cities have a sister city abroad. For example, Yerevan is twinned with 18 cities and has signed partnership agreements with an almost equal number of cities. However, unlike the sister cities of Finnish cities, none of Yerevan’s sister cities are located in the former (or current enemy) countries i.e. in Turkey or Azerbaijan. If normalization and/or the peace processes are in a deadlock on inter-governmental levels, why not try to advance détente and encourage stronger people-to-people contacts on inter-regional or inter-municipality levels? Sister city arrangements between Armenian and Turkish cities would be symbolic gestures that would offer, among other things, relatively risk-free win-win steps forward for both sides by creating institutional links across the closed border. Van and Yerevan or Kars and Gyumri could be possible candidates for Turkish-Armenian sister cities.⁸¹
2. Finland could provide an example of not only border control but also technical and training assistance for Armenia, should the border with Turkey be opened and new border infrastructure need to be re-established. In the long run, there is a need to train more border guards and start cooperation with Turkish border authorities. Models from the Finnish-Russian border control cooperation could be instructive from this perspective. This cooperation should eventually expand from the bilateral Georgia-Armenia and Georgia-Turkey border management cooperation to trilateral cooperation linking all three countries and later on hopefully also Azerbaijan, Russia and Iran.

81 The idea of promoting Turkish-Armenian sister cities has been presented before at least in the “Common Future for Turkey and Armenia Citizen’s Diplomacy” workshop that took place in June 2010 in Istanbul, see: <http://www.ifdp.org/common-future-between-turkey-and-armenia/>

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ABOUT THE CAUCASUS INSTITUTE

The Caucasus Institute (CI) is one of the leading think-tanks and educational centers in Armenia and the entire region. It implements research in the areas of political science, social sciences and media studies with regard to the Southern and Northern Caucasus. The CI also engages in regional studies on a wider scope.

Founded in Yerevan in 2002, the CI offers a neutral platform for non-politicized debate on acute issues of the region's political and social development. Based on research, the CI conducts expert consultations, roundtable discussions and conferences. CI produces publications in various formats, including Caucasus Yearbooks which sum up various aspects of politics, social life and economics in the Southern and Northern Caucasus every year.

The CI is special in that it combines research and debates with close ties to the news media, actively engaging the media in order to inform the region's societies and political elites of the results of policy research. Its wide public outreach enables CI to influence the public opinion as well as professional discourses, and to propose recommendations to political decision-makers.

After its founding in 2002 and until mid-2008, the institute was called the CMI, or Caucasus Media Institute, stressing its media ties. The changeover to just "Caucasus Institute" reflects the broadening scope of CI activities and its focus on politics, economics and society in the wider Caucasus region.

ABOUT THE ALEKSANTERI INSTITUTE

The Aleksanteri Institute was founded in 1996, is affiliated with the University of Helsinki and operates as a national Finnish centre of research, study and expertise pertaining to Russia and Eastern Europe, particularly in the social sciences and humanities. The institute co-ordinates and promotes co-operation and interaction between the academic world, public administration, business life and civil society in Finland and abroad.

One of the Aleksanteri Institute's central tasks is the development, administration and implementation of research projects, extensive research programmes and non-academic projects. The Institute aims to serve as a multidisciplinary think-tank for Finnish researchers involved in research on Russia and Eastern Europe. Our intention is to add value to this field of research by eliminating overlapping activities, finding additional financial resources for the field of research and study and increasing networks between scholars and society.

The Institute's own research activities are intended to be carried out in connection with broader research projects or programmes, conducted in cooperation with other research institutes, both in Finland and abroad. Furthermore, the Institute's staff and visiting scholars contribute their own projects to the Institute's research agenda.

In addition to its involvement in academic research projects, the Institute participates in several non-academic projects, both Finnish and international. These projects channel Finnish know-how for the benefit of society at large, and cooperation is promoted between interested parties in Finland, the EU and target countries. Training projects, seminars and database projects, many of which involve research, are typical examples of this kind of activity.

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