

Armenia's Struggle for Independence

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When Armenia declared independence on September 21, 1991, diaspora Armenians joined hands across oceans with their 4 million compatriots in the former Soviet republic, to celebrate. Certainly, mainly bottles of excellent Armenian cognac were emptied. Finally, the Soviet occupation had ended, and a perspective had opened up for an independent, sovereign Armenia, to join in collaborative economic relations with its neighbors, to develop the enormous potentials of the country in the context of regional economic expansion.

Now, at a distance of 17 years, the question posed is: what has become of this dream? It is not only the estimates of economists, political analysts, and social scientists that count, but also the firsthand impressions gained by Armenians from the diaspora who have visited the homeland, "Hayastan." This author visited Yerevan and outlying areas in late July, and managed to gain some initial insight into the potentials and the problems of this beautiful country.

The basic message I came away with was: Armenia is a great country, which boasts extraordinary cultural achievements stretching back millennia, a country which, in cooperation with its neighbors, could not only advance to become a modern industrial nation, but also to launch a cultural renaissance, to revive the splendor of the arts and sciences. The main obstacles placed in the path of such a development, are three: first, over the past twenty years, a post-Soviet oligarchy has emerged, in Armenia and abroad, which exerts enormous influence on the economy and politics of the nation. Secondly, although nominally independent, Armenia, like the majority of the former Soviet republics, suffers from the continuing influence of major foreign powers in its economic, financial, and political life. Despite its commitment to independence and sovereignty, it continues to be played like a pawn on the strategic chess board, in a modern version of the Great Game, between the Anglo-American powers in London and Washington, on the one hand, and certain circles in Moscow. Thirdly, and perhaps as a consequence of the first two factors, the national political leadership has not managed to articulate and pursue a long-term vision for the nation.

The Role of the Church

One of the most important institutions in Armenia today is the Armenian Apostolic Church. Since its establishment in 301 A.D. as the state church, it has been one of the pillars of national identity. Thus, any visit to Armenia must include visits to its many magnificent churches and monasteries. These are important not only as architectural monuments, but also as testimonies to the fundamental role of the Christian religion in the country's history. Among the many great monuments are the churches of St. Hripsime and St. Gayane, dedicated to the sisters who chose martyrdom rather than relinquish their Christian faith.

Etchmiadzin, is the most important church, comparable to St. Peter's in Rome for Catholics.

It is built on the site where Gregory the Illuminator had a vision of Jesus, who wielded a hammer to indicate the construction site. Sunday services at Etchmiadzin are a very special experience, with the magnificently trained voices of the choir singing the mass—not as a musical accompaniment, but as active worshippers in the age-old divine liturgy—and the supreme head of the Armenian Apostolic Church present. As the Catholicos, Karekin II, moves through the parish, parishoners press through the crowd to render homage to him, and he, placing his hand on the heads of those who came nearest him, gave them his blessing.

One can still admire the magnificent architecture of the old churches, some dating back to the earliest era, just a few centuries after Christ, even though they were not yet in top condition. Nonetheless they had withstood the ravages of time, and, with the help renovation efforts since independence, had maintained at least a semblance of their former splendor. In an audience with foreign visitors, which this author attended at Etchmiadzin, His Holiness Karekin II explained that, for the first seven years after 1988, the church devoted all its energies and funds to provide humanitarian aid for the victims of the earthquake, the Nagorno-Karabagh war, and the poor. After that, the church turned its attention to the task of rebuilding, which meant renovating and restoring those church edifices that could be saved, and building new churches, four of them in Yerevan. At the same time, a new generation of priests had to be educated; 23 are ordained per year, on the average, and forty were ordained this year.

Economy in Ruins

The Armenian Apostolic Church survived as an underground operation throughout the seventy years of Soviet occupation. Once the country regained its independence, religious leaders moved to resurrect its existence, both physically and spiritually.

If the church has managed to engage in physical reconstruction and personnel development, this stands in stark contrast to what has occurred in the economy. What had once been the backbone of the Armenian economy — its huge industrial factories — stand in ruins. Even on the outskirts of the capital Yerevan, enormous factory buildings can be seen, once active and employing hundreds, if not thousands, of productive workers, not lying in ruins. Brick and stone buildings sit there, with their rows of windows of smashed glass, gazing like so many blind eyes. If one ventured into one of the abandoned factories in Yerevan to get a closer look, one finds that there were people living inside the carcasses of buildings.

In other parts of the country, which had been even more heavily industrialized than the capital, the picture was as bleak. In Gyumri, the second largest city after Yerevan, the scene is reminiscent of a post-war landscape. Spitak, the epicenter of the horrendous earthquake of December 7, 1988, is not far away. Twenty-five thousand people lost their lives and 500,000 were made homeless. After the earthquake the two Metsamor nuclear power plants were shut down, one of them to be reopened only in 1995. In the early 1990s, electricity was available only two hours a day in the national parliament, many people froze to death. To survive, families baked lavash, the typical thin Armenian bread, and lived on that. Schools were closed during the winter, because of the lack of heating, and the time lost was retrieved in summer sessions. Armenians chopped down all and any trees they could find, to have firewood for heating. Deforestation resulted on a large scale.

Temporary shelters were erected throughout the quake-affected region, to provide minimal

protection from the elements. The music school in Gyumri, is a case in point. In 1988, the metal lean-to shack was to be temporary, but now, 20 years later, it has become all too permanent. The school is supported by the Fund for Armenian Relief, and the young students there are grateful for whatever facilities they have. Cheerfully ignoring the makeshift conditions whenever foreign visitors come, students will gladly walk up onto the small stage and perform, Armenian music on traditional instruments, as well as European classical pieces.

It was not only the dreadful earthquake that ravaged the economy. The war against Azerbaijan for control over Nagorno-Karabagh led to an Azeri blockade of all rail and air traffic with Armenia. An estimated 85% of all cargo had been shipped by rail, so this devastated the economy. Armenia's GDP collapsed 60% between 1989 and 1992-93. Turkey joined the blockade in 1993 and, though a ceasefire was brokered by the Russians in 1994, the borders with Azerbaijan and Turkey have not been reopened. Massive population shifts also occurred with the war: 230,000 ethnic Armenians were expelled from Azerbaijan to Armenian and Nagorno-Karabagh, while 800,000 Azeris had to leave Armenia and the occupied areas.

Then, when the Soviets withdrew, they took whatever they could with them. What was left behind was then prey to the ill-conceived policy of the first post-independence governments. In line with the dominant liberalist, post-industrial ideology in the U.S. and western Europe, Armenia's governments (like those of other former Soviet republics) were coerced into adopting IMF policies allegedly aimed at "modernizing" and "rationalizing" their economies. The old structures of the centralized Soviet bureaucratic economic structures, it was said, had to be dismantled, to pave the way for the "liberating" influences of free trade, privatization and so forth. Translated into post-independence Armenia, this meant: all factories, plant, equipment, etc. would be put up for sale and the first bidder could take all. In the privatization craze that followed, the entirety of the country's industrial capacities was bought up, and in part exported.

A Post-Industrial Nightmare

Under the Soviet system, Armenia had had a highly developed industrial sector, and produced machine tools, chemicals, electronics, textiles, processed food, and synthetic rubber. It exported manufactured goods, including machinery and textiles, and imported energy and raw materials. Under independence, the large industrial and agro-industrial complexes were abandoned, and small-scale agriculture was developed. The high levels of resultant unemployment led masses of young, skilled Armenians to seek work elsewhere. No fewer than one-fourth of the entire population, an estimated 1 million of 4 million, emigrated. Some went to Georgia or Russia, countries which readily offered them work, while others went farther to the U.S., where they might have distant relatives. The exodus of such a large number of people has robbed the country of many young and skilled workers.

The privatization and liberalization wave swept through Armenia in the 1990s, after the first large-scale IMF-backed program was implemented. In June 1994, a foreign investment law was okayed, and three years later, a Law on privatization was passed. Privatization did not go through without a fight. In 2001, a branch of a Virginia-based group AES, tried to take over a majority share of four Armenian electricity distribution networks. The daughter

company, called AES Silk Road, sought control not only over the distribution networks, but also over power-generating companies, as well as export and import of electricity. The public opposed the sale, as did a group of thirty political parties and one-third of the members of parliament. They did so on grounds that privatization of the electricity grid, which was considered the best in the Commonwealth of Independent States (CIS), would jeopardize national security. AES failed in its takeover bid.

Russia was also interested in Armenia's energy sector. After the distribution system was privatized in 2002, Russia's RAO-UES bought it up in 2005. It also holds interest in the nuclear plant Medsamor, which provides 40% of the country's electricity. In addition to its hydroelectric plants which generate 25%, Armenia has been importing electricity from Iran since 2006. Its gas and oil are both imported, from Russia (via Georgia) and Iran, the latter having constructed a new gas pipeline. It receives its nuclear fuel also from Russia. Telecommunications have been privatized 100%.

Finally, although Armenia has its own armed forces, including ground forces, air force and air defense, it is not solely in control of national defense. It has troops in Nagorno-Karabagh, and patrols the borders with Azerbaijan and Georgia, but Russia, which has a base at Gyumri, has its troops monitoring the borders with Turkey and Iran.

The Oligarchs

Strolling through the center of Yerevan, one might have the impression that all the suffering associated with the earthquake, the war, and the post-independence economic isolation, is past history. Radiating out from the Republic Square, with its majestic buildings, are large avenues along which scores of new buildings are being constructed. The New Prospect street is lined on both sides by high-rise buildings, erected in modern style but recalling traditional architectural forms, with rounded arches and pillars in Armenia's typical pink-colored stone. The new buildings are slated to house fashionable shops on the street level, and office buildings and/or apartments on the higher storeys. Such construction, which is visible everywhere in the capital, is only superficially a sign of prosperity. As friends explained to us, the massive construction activity is not part of any coordinated urban development perspective, but rather a place where local oligarchs can "park" their considerable capital, of unknown origin. Such capital flows without being subjected to taxation, and the enterprises hired to put up the new buildings often work "informally." Some of the wealthier multimillionaires among the oligarchs, have built for themselves immense villas on the outskirts of the capital, which looks more like royal palaces than personal residences. At the same time, as mentioned above, there are squatters finding refuge in the bombed out factories. Another monument to the faceless oligarchs behind the building boom, is the row of gambling casinos that the visitor encounters just on leaving the shiny new international airport. No matter what time of day or night, the neon lights are flashing at the countless gambling joints that line the highway from the airport to the city center. Who owns them? Do they pay taxes? Why are they there at all?

The Role of the Diaspora

The largest portion of direct foreign investment in Armenia comes from the diaspora, the 8 million or so Armenians living outside the country, in the Middle East, Europe or the United States. Their contributions can be seen in literally every layer in society — in real

investments to build up infrastructure, including for tourism, and in social support programs for the needy, for example, a project in Gyumri which provides warm meals for the elderly, and much more. There are also private initiatives to support reforestation programs, like the Armenia Tree Project, (www.armeniatree.org) which is producing one million seedlings per year, to help reforestation in cities and other areas that were robbed of their forests in the early 1990s.

Such projects are crucial for rebuilding Armenia's economy, and are greatly appreciated by the project directors, teachers, cultural institution personnel, and others, who have been facilitating contacts and programs. Yet, at the same time, such individual projects in and of themselves will not solve the overall problem. In the view of political figures this author spoke with, who have been active in parliament and in the opposition, what is lacking in Armenia is a government-sponsored program for long-term development. This is not only an economic issue per se, but one which has profound cultural and moral implications. The situation can be summarized as follows: Armenians in the homeland have gone through tremendous suffering, during the Soviet occupation in one form, and then through the earthquake, war and post-Soviet economic collapse, in another. As always throughout their thousands-year history, they somehow managed to survive. Some will justify today's economic misery, with high unemployment and a low standard of living, by saying, it is a thousand times better than 15 years ago. Others may indulge in a bit of nostalgia, saying that, although they were worse off under the Soviets, things somehow functioned. In all cases, the leit motif is: we survived.

A Vision for Armenia

This is true, and is to the credit of the population that it has withstood adversity and endured against all odds. But can survivalism be the foundation for a modern nation-state? The impressive monument and museum dedicated to the genocide, in Yerevan, bear witness not only to the unspeakable horrors of the genocide, but also to the incredible capacity of the Armenian people to somehow survive. But more is needed.

Leading political figures in the opposition stress the urgent need for a national program, a "vision" of what Armenia can and should become as a truly independent and sovereign, modern industrial state. Right now, if it is dependent on energy supplies from abroad, if its energy distribution system, its telecommunications, security and transport are in private, often foreign, hands, how can one say Armenia is truly independent?

Without jeopardizing important political and economic relations with its neighbors, the country needs to chart a course for its own development, which will lead to true independence. Armenia has enormous potential: although devoid of traditional raw materials like oil or gas, it is rich in minerals, and has extraordinarily productive soil. Its population and labor-force, which represent the primary wealth of any nation, are rich: the almost 3 million Armenians are very young, the median age being 31-34 years old. Fertility rates have been rising, at the rate of 1.35 children born per woman in 2008. With the exception of Turkey and Azerbaijan, it enjoys good relations with all nations.

But it lacks a vision, and a political elite capable of mobilizing the population around a national purpose. Without touching here on the internal politics of the country, it is clear that the population sees most, if not all, of the post-independence governments as failures. Vicious internal faction fights have taken place, more as struggles for power than as principled exchanges over ideas. Violent incidents have punctuated this process since 1991:

a shoot-out in parliament on October 27, 1999, led to the death of Prime Minister Vazgen Sarkissian, Speaker of the Parliament Karen Demirchian, two of his deputies, a minister and three other members of Parliament; six parliamentarians were wounded. Although the material perpetrator was apprehended, mystery surrounds the background. More recently, on March 1 of this year, when opposition groups demonstrated to protest alleged fraud in prior elections, the police opened fire on the crowd in Yerevan, killing 10 and arresting 82, who are still in detention. In late July, the so-called opposition, which rallies around former president Levon Ter-Petrosian, was holding daily sit-ins in the city center, demanding the release of the 82 political prisoners. The latest development, as of this writing, is that Ter-Petrosian has called for former President Kocharian to be put on trial for serious crimes, including his having established a “despotic rule” which allegedly led to the 1999 shootout and the recent events.

The political infighting is evidently intense. But where is a national leader, with a vision, of how Armenia can emerge from the continuing political crisis, and chart a new way for its future?

What comes to mind as historical reference points are, of course, Franklin Delano Roosevelt, who mobilized a downtrodden American people, smashed by the Great Depression, to rebuild the economy through his New Deal program of great infrastructure projects. One thinks of Charles de Gaulle in France, who lifted the French out of the catastrophe of Vichy and the Second World War, to become a true republic. In the post-Soviet world, one thinks of Russian Prime Minister Vladimir Putin who, as president, redefined the role of Russia, and mobilized resources to emerge from the profound economic, financial and moral crisis of the 1990s. Another useful example in the post-Soviet world is today’s president of Kazakhstan, Nursultan Nazarbayev, who has successfully engineered a transition from the Soviet planned economy to a modern social market economy, without relinquishing national sovereignty, or destroying the industrial plant, equipment and skilled manpower of the nation.

Each country must find its own way, shaped by its immediate situation, and seen against the backdrop of its own specific cultural and political history. In the case of Armenia, it is evident that any perspective for real economic progress must be based on cooperation with its neighbors in the context of a regional development perspective. This means negotiating political solutions to the continuing conflicts with Azerbaijan and Turkey, in order to reestablish normal economic and trade relations. To achieve this, requires a capable leadership dedicated to the future of its nation and its people, as well as support from the international community. Armenians are seeking such leadership.

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