



## **RSC MONTHLY CLOSED BRIEFING**



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The Regional Studies Center (RSC) held the latest in our monthly series of closed briefings on Wednesday, 24 February, featuring a comprehensive analysis focusing on two main areas:

- (1) an analysis of domestic political developments in Armenia, including the formation of a new pro-government coalition and the state of the opposition, and a focus on the process of electoral reform in the wake of the adoption of constitutional amendments;
- (2) an assessment of regional developments, including the continuing crisis between Russia and Turkey, but also includes the recent Russian arms deal with Armenia.

In accordance with our standard format, this briefing also featured an informal “off-the-record” closed discussion. As an independent “think tank,” the Regional Studies Center (RSC) offers this series of briefings in order to serve as more of a resource for the representatives of the diplomatic community and international organizations in Armenia. More specifically, our aim is to provide an alternative source of objective analysis and information on a regular basis.

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## SUMMARY NOTES

### I. Political Developments

In assessing domestic political developments in Armenia, the most important analytical focus is on the resilience of the government and the stability of the existing political system, but also including trends and triggers that may trigger greater instability, ranging from a transition within the political elite to a risky failure to heed popular demands for change.

#### Constitutional Change

For Armenia, the current political situation is primarily driven by the aftermath of the December 2015 passage of the constitutional referendum, which represents both a “missed opportunity” and a reaffirmation of the “political reality.”

**Missed Opportunity.** The recently adopted set of constitutional amendments represents a “missed opportunity,” for two main reasons:

1. Due to the *absence of more meaningful structural reforms*, such as the replacement of presidentially-appointed regional governors with direct elections, for one example, and given insufficient attention to the imperative to strengthen institutional “checks and balances” within the government, amending the constitution was a missed opportunity;
2. A second factor that made the constitutional change a missed opportunity was the *conduct of the referendum* itself, which was marred by a pattern of widespread and *egregious voting irregularities*, voter intimidation, interference with ballot counting and a record of insufficient investigation and prosecution of such violations.

**Reaffirmation of Political Reality.** The constitutional referendum was also a reaffirmation of the reality of Armenian politics, however, with three demonstrable conclusions:

1. First, the referendum has reaffirmed the *serious lack of public trust and confidence* in the Armenian government, which was already evident in the Sarkisian Administration’s weak popular support and lack of legitimacy. This absence of trust is exacerbated by concerns over the government’s questionable commitment to the electoral reforms now necessitated by the transformation to a parliamentary form of government;
2. The second reaffirmation of reality was the now pronounced *perception of the traditional opposition parties as discredited, marginal and ineffective* political forces, especially due to the traditional opposition parties’ lack of tactics or strategy and their over-reliance on opposing nearly every state position, rather than proposing policy alternatives;
3. And third, the referendum also tended to reaffirm the reality of the *government’s “arrogance of power,”* which only exacerbated the voting irregularities and exposed a lack of commitment to any serious investigation or prosecution of such abuses.

## Five Observations: What Next

Against the backdrop of the constitutional changes, the transformation of the country from a presidential to a parliamentary system is the most significant development, now requiring related electoral reforms to prepare for the 2017 election of a new parliament. In this context of a pressing electoral reform process, there are five significant observations:

- 1 Although the process of electoral reform is now officially underway, the current “first draft” reflects a number of serious shortcomings and deficiencies. It also seems to be based on a strategy by the authorities to start the process with an inferior draft, aimed at highlighting “the process over the product” in the coming months, for two reasons:
  - First, by starting the reform process with an unacceptable draft, the authorities can use the negotiations over the electoral reform as a way to cement the power-sharing arrangement of a new pro-government coalition, and thereby, widening the stakeholders from among other parties;
  - Second, it also seems that the strategy seeks to stress “progress” from the starting point of weaker first draft, also in order to start with an inferior draft electoral legislative package so that the government will be more capable of meeting (and exceeding) expectations.
- 2 Second, there is little recognition of the need to regain the trust and confidence of the public, and few measures that would reassure observers that the authorities realize the imperative for restoring their standing, before both a domestic and an international audience;
- 3 Third, the initiation of talks to broker a new political coalition, as recently demonstrated by the authorities’ ability to co-opt the nominal opposition Armenian Revolutionary Federation (ARF or “*Dashnak*” party) by offering three ministerial portfolios (economy, education and territorial administration) and two regional governorships, is rooted in a broader strategy by the president to reform and revamp the ruling Republican Party, in part to leverage the generational and factional fighting already underway within the government and the party;
- 4 A fourth, critical observation is that the country’s traditional opposition parties have been unable to recover from their political defeat in opposing the constitutional referendum. And with their further marginalization as the formation of a broader pro-government coalition has excluded them, the traditional opposition remains even more politically irrelevant within the now shifting Armenian political landscape;
- 5 Yet the fifth observation is that precisely due to the combination of an “arrogant” government failing to see the need to regain trust and a traditional, but discredited opposition largely bereft of strategy or vision, there is an “open playing field” for the emergence of new political opposition parties and forces.

## Five Deeper, Longer Term Trends

From a broader perspective, there are now five deeper, longer term trends now underway in Armenian domestic politics, each holding significant implications for both political stability and political change:

1. ***Underlying weakness and structural vulnerability.*** The combination of underlying political weakness, as seen by the lack of legitimacy and low level of popular support for the government, and structural vulnerability, evident in the inability to more effectively cope with an economic downturn and to better reign in the “oligarchs” or commodity-based cartels holding inordinate market control, suggests a possible “perfect storm” of political and socioeconomic instability. Such a risk is compounded by the government’s lack of economic growth to meet popular expectations for change, meager political will to address mounting disparities in wealth and income, and exacerbated by the “external shocks” of declining remittances, rather anemic GDP growth, and declining exports;
2. ***The onset of political transition.*** Even before the switch to a new parliamentary system, a political transition was already underway, with signs of a significant shift within the ruling elite. This transition involves the emergence of a new, younger political elite, positioning themselves to replace the aging “old guard” Karabakh elite that came to power from Karabakh and which consolidated its power because of the Karabakh conflict. Although this new elite is neither automatically better nor inherently more democratic, the transition itself is important in terms of forcing open the closed political (and economic) system.

And this is also bolstered by the fact that the real political conflict is no longer between the incumbent government and the traditional opposition, but rather, is a conflict within the ruling elite itself, reflected in an intense competition for more limited resources (including corruption) and an individual clash over political patronage. This internal competition also offers an opening for the emergence of new opposition forces, as the political playing field lacks any credible opposition presence (as yet) and the government is distracted by its own internal conflict;

3. ***Armenia’s watershed elections in 2017.*** Against this backdrop, the coming parliamentary election of 2017 represents a crucial watershed or milestone in Armenian politics, for two reasons. First, the election for a new parliament will be the culmination of the transformation into a new parliamentary form of government, and second, the composition of political forces elected to the new parliament will determine the nature of the next government, both in terms of democratic credentials and commitment to reform;
4. ***The Imperative for free and fair elections.*** The coming parliamentary election will also be critical as a test of the government’s commitment to meeting public expectations for a free and fair election. But it will also be an opportunity for the authorities to regain trust by ensuring an improved election. And perhaps most importantly, the likelihood of an improved and much more free and fair election is actually stronger than before for several reasons:

First, as the culmination of the government's constitutional changes, the coming election will garner much greater scrutiny, from both the international community and against pressure from within society. Second, this government is more hard pressed to carry out systemic voting irregularities than the past, due to the economic crisis, which makes "buying" the election more expensive for a weakened government, and because of a new opposition strategy to leverage a more vibrant and empowered wave of activism, as well as better organized civil society, in order to mobilize a much more extensive election observer and proxy force than any previous election.

5. ***New opportunities and advantages.*** Despite the immediate, short-term negative impacts of the new constitutional changes, there are at least three important medium- to long-term opportunities and advantages inherent in the resulting switch to a parliamentary form of government.

First, the new parliamentary form of government will foster the development of a new, more serious party system, encouraging the formation of more pluralistic political parties forced to formulate policies and forge broader grassroots membership in order to secure seats in the new parliament.

A second opportunity is the positive impact on the parliament as an institution, with a chance to enhance the capacity of the legislature, at the expense of a largely ceremonial or symbolic presidency. This will also enhance the power and authority of the parliament, whose role will no longer be limited to serving as a mere implementer of government directives, but will become the initiator of government policies.

Third, in some ways, the most important longer term advantage stems from the fact that once the transformation into a parliamentary system is complete, any future return to an authoritarian, strong-man executive will be very difficult if not impossible. And given the trend of authoritarian presidential rule in many post-Soviet states, most notably seen throughout Central Asian, but also including Azerbaijan, Belarus and Russia, this is an important and largely under-valued improvement in Armenian governance.

## II. Regional Analysis

This month's assessment of regional developments is again focused on the continuing crisis between Russia and Turkey, but also includes the recent Russian arms deal with Armenia. Yet each of these developments demonstrate the new geography of the South Caucasus, where the regional context is now much broader, encompassing developments well beyond the confines of the traditional South Caucasus to include the impact from events in Syria, Ukraine and the wider Black Sea region.

### *Russian military buildup in Armenia*

Since December 2015, Russia has expanded its military presence and enhanced its capabilities in Armenia, including a serious move to bolster Russian airpower, with the deployment of additional combat and transport helicopters and more modern UAVs (unmanned aerial vehicles, or "drones"), as well as the modernization of Russian combat aircraft.

At the same time, the Russian base in Gyumri, home to some 5000 military personnel, has also undergone a sweeping upgrade of infrastructure and installations. Taken together, the strengthening and expansion of Russian military forces in Armenia is also seen as a response to the November 2015 shoot-down of a Russian military warplane by Turkey and as a response to incursions of Armenian airspace by Turkish army helicopters on two separate occasions in early October 2015.

### *Russian arms deal with Armenia*

The recent \$200 million Russian arms deal with Armenia is important for several reasons:

- First, despite the seemingly significant impact on the already delicate balance of power, Russia's decision to sell \$200 million worth of more Russian-manufactured weapons to Armenia does not seriously improve Armenian military capabilities, nor does it provide offensive weapon systems that would target Azerbaijan. Moreover, the arms deal itself is rather unique in that it is a transaction that will be fully financed by a \$200 million Russian loan allocated to Armenia in 2015;
- Second, in terms of an officially "confidential" bilateral military agreement, it was both significant and suspicious that the Russian media leaked the official terms of the agreement, which seems to have been released with the complicity of the Russian leadership. This is further indicative that the recent Russian arms deal was less about providing Armenia with any serious new capability and more about offering Moscow a chance to further expand its more lucrative weapon sales to Azerbaijan. And this "parity" for Russia follows a much larger series of arms deal with Baku consisting of \$4 billion worth of mostly offensive weapon systems over the past several years;
- And third, this is also confirmed by the contrast between the modern weapons that Russia sold to Azerbaijan and the older models of Russian weapons included in this recent deal with Armenia. This means that, in this context, Russia is not changing the military "disbalance" between Armenia and Azerbaijan, which according to many experts, is a disbalance that is getting larger;

- Fourth, the Russian move is also related to its recent crisis with Turkey, and this arms deal with Armenia offers Russia with the means to not only pressure Ankara but to also further divide Turkey and Azerbaijan.

And in this regard, the recent statement of the Secretary General of the Collective Security Treaty Organization (CSTO), Nikolay Bordyuzha, during his recent visit to Armenia was significant. Breaking from CSTO policy, he announced that the presence (and the force posture) of the Russian military base in Armenia was not directed against Turkey. Rather, he contended that the Russian base was “there for Nagorno-Karabakh, even if it stands on the Armenia-Turkey border,” perhaps seeking to reassure Armenia of the premise and promise of the CSTO (and Russian) role as a security guarantor.

Nevertheless, especially in the wake of the Russia-Turkey crisis, the Russian military base in Armenia is making Armenia a target, as Russia seems intent on only escalating pressure on Turkey and may be tempted to use Armenia against Turkey in such a scenario. Fortunately, the Armenian government has been fairly cautious in preventing any such danger of being used by Russia to pressure Turkey;

- But a fifth, broader factor stems from a sense of Russian disappointment with Armenia, especially as Moscow’s recent attempts to provoke a hostile anti-Turkish mood in Armenia has failed. This Russian effort to mobilize Armenian public opinion and to pressure the Armenian government against Turkey was most evident in the attempts in the Russian Duma to raise the Armenian Genocide issue and to challenge earlier Soviet-Turkish border agreements, each of which failed to trigger any significant embrace by Armenia, however.

But this failure may now prompt Moscow to more directly engage in domestic Armenian politics, based on Moscow’s long-standing preference for not only a pro-Russian government in Armenia, but to also maintain a pro-Russian opposition.