MARKET FUNDAMENTALISM, ECONOMIC HARDSHIP
AND SOCIAL PROTEST IN ARMENIA
(A Critical Perspective of the Polarization of Armenian Politics) *

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MARKET FUNDAMENTALISM, ECONOMIC HARDSHIP AND SOCIAL PROTEST IN ARMENIA
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ABSTRACT
March 1, 2008 seemed to mark a turning point in Armenian politics. The violent protest against the widely claimed fraud during the February 19, 2008 presidential elections by the followers of the former President Levon Ter Petrosian, the main contender against the official winner of the ballot, ex-PM Serge Sargsyan, met with even harsher repression by the police forces resulting to the death of 10 people and the arrest of more than a hundred others. The event highlighted a deep political polarization in Armenian society that seemed the consequence of the decision of Ter Petrosian to emerge from his decade-long silence and run as a presidential candidate. Regardless of the reasons behind this decision, what raises interest, however, is his capacity to convince and mobilize 21% of the voters according to the official figures of the elections. This paper takes a critical look into the deep causes of the political polarization in Armenia, which, as the argument goes, reflects a distorted social protest. I expand Albert Hirschman’s concept of “voice, exit and loyalty” to explain the anger vote, and highlight the structural and political reasons for the lack of any credible proposal for change that addresses society’s real demands for social justice.

INTRODUCTION: POLITICAL POLARIZATION IN ARMENIA AND ITS SOCIAL ROOTS

March 1, 2008 seems to mark a turning point in Armenian politics, at least in the way politics had been since 1998. The unexpected decision of former president, Levon Ter Petrosian, on September 23, 2007 to run as a candidate for the February 19, 2008 presidential elections electrified a campaign which, till then, appeared to be a rather pro forma transition to Robert Kocharian’s appointed successor, his former Prime Minister Serge Sargsyan.

For a whole decade, opposition had little, if any, meaning in Armenian politics; even less did it have any impact on public policies. The main reason was not persistent authoritarianism, though it surely existed, as much as the apparent inability, or lack of will, of any political force to assume the role of building a credible alternative to the dominant model. The coalition government model implemented since 2003 reduced further the space for the exercise of a more or less efficient opposition. In some ways, sharp differences notwithstanding, the Armenian coalition government model remotely harkened to the bi-party agreement for governance in countries like Colombia and Venezuela from the mid-1950s and 1960s till the 1990s. There the ruling elites alternated in power in a formally democratic procedure, while at the same time the marginalized sectors of society found no way to express their discontent or demands. The system entered into a phase of exhaustion after the 1989 food riots in Venezuela, and collapsed with the emergence of Hugo Chávez and the so-called Bolivarian alternative in 1998. In Colombia, the rural poor who were left out of the agreement between the two main parties that ended the period of civil war known as La Violencia either joined the guerrilla movement, or, in the 1980s, entered into the service of drug cartels which ensured them a way of surviving, and even to improve their condition.
Though defenders of the coalition model in Armenia might correctly argue that not only were democratic principles fully respected, but also the model provided a sense of stability that the country’s economy needed. One of the consequences of the absence of any credible alternative to the government was the apathy of the ordinary citizen and decreasing levels of political participation. Indeed, the greatest risk for the Constitutional reform of 2005, which by all means meant a significant progress in terms of quality for democracy in Armenia, was not a negative vote, but, rather, the failure to ensure the constitutionally required percentage of citizens who would bother to vote during the popular referendum for the new Constitution.

This indifference vanished with the return of Ter Petrosian on the political stage after ten years of silence. No matter what real reasons lie behind the former President’s decision to make this comeback what mostly raises interest is his sudden rise as a serious competitor to Serge Sarkisian to come second in the elections with 21 percent of the vote according to the official results. Moreover, he gained so much credibility among his followers that he was confident enough to reject the results and count on popular support to challenge the government and call for yet another “color revolution” of an Armenian brand. Whether it was his call to his followers to stay in the streets and refuse the results or the government’s decision to harshly repress the manifestation that provoked the riots and the March 1, 2008 bloodshed is beyond the purview of this paper. Rather, I focus on the post-March 1, 2008 political polarization in Armenia to critically analyze its deeper causes. My primary observation is that Ter Petrosian relied exclusively on potentially widely felt of grievances towards the ruling elite within Armenian society to build his campaign. He did not really formulate any alternative for the dominant governing system, nor did he present any economic or social program that promised an improvement of existing conditions. His main promise was to punish the withholders of power, whom he accused of corruption and even “banditry.” Change, within the logic of his campaign discourse, was synonymous with his election. Yet the fact is that he succeeded in politically capitalizing on the grievances of an important part of society, exploiting them and making out of them a strong motivation for mobilization.

With the absence of any convincing political program to addresses the citizens’ economic and social needs, with a past performance that did not necessarily make him a successful head of the State that people missed after his resignation, with an absence of ten years from the political stage, and with no efficient party structure to ensure his quick reinsertion in politics, how was he able to convince at least 21 percent of the voters to follow him, and, after the elections, succeed in ensuring so much societal support that he became the leader of an opposition that had no representation in the National Assembly, although it was present in the street? His skill for leadership, political ability, and personal charisma plus a small and loyal group of followers who were no strangers to Armenian politics, sympathizers and powerful allies within the so-called “oligarchs” and State structure, and even an important flow of money from the Diaspora and other sources outside Armenia as was sometimes alleged could, of course, explain part of his successful comeback on the political stage. None of these factors, however, could have been determinant had there not been structural conditions in the Armenian society making an important sector of the population receptive to his message and, hence, able to see through him a way of expressing its demands in the broadest sense of the term.

This essay addresses the structural conditions of the post-March 1, 2008 polarization of Armenian politics. It argues that beneath this polarization lie the deep grievances of a large sector that had not seen any improvement of its social and economic conditions despite the double-digit growth of the economy for five
consecutive years since 2003; nor had it been able to channel its demands so as to make its voice heard where decisions are made. The audacious challenge of Ter Petrosian to the ruling elite, his confrontational, and somehow intransigent, discourse, and further promises to punish those whom this sector, rightly or wrongly, held responsible for its condition and lack of hope for a better future, opened the way to the canalization of its grievances into political mobilization. What, then, really explains the post-March 1, 2008 polarization of Armenian politics is the unsatisfied demand for social justice, which, in turn, is the consequence of the sharply uneven wealth redistribution of the free-market economic system built on the neoliberal model that guided and shaped the post-communist transition in Armenia.

Yet, it would be incorrect to conceptualize the polarization of Armenian politics as the expression of a new kind of class struggle. There simply is no awareness of class; even less is there any social mobilization based on class awareness, let alone any formulation of a demand for social justice. Else, hardly would anyone believe that, if elected, Levon Ter Petrosian, a declared partisan of the free-market who favored a “shock therapy” approach to the economic transition including, when necessary, the use of authoritarian methods, could, or would be willing, to provide a structural change. In other words, since independence, no ruling elite questioned the free-market model or proposed a heterodox approach to the political economy showing consideration for issues related to social justice. In this sense, there is a phenomenal continuity between Ter Petrosian and Kocharian despite 1998; and there is no ground to even hypothetically assume anything but the continuity of the market model had Ter Petrosian been elected on February 19, 2008. Technical questions, personal styles, and other similar aspects of change when someone new takes charge of the Presidency do not address the essential issue of a structurally unjust system. Of course, lack of ideological differences among the dominant elite, whether ruling or simply taking care of their business, does not mean a harmony of interests. Quite the opposite; the power struggle to get more of the economic pie is always tougher whenever the pie is rather small, as is the case of the Armenian economy. Somehow, then, Ter Petrosian’s return is at least partially related to the interest of some of the dominant class to replace the ruling elite and redefine the “who gets what” from the economic pie. As a matter of fact, similar in some points to the Russian reality, those “oligarchs” who supported Ter Petrosian’s candidacy had to leave the country, fearing the consequences of a power struggle dominated by the logic of “winner get all” and to hell with the losers…

It is not a coincidence, therefore, that the model for a “revolutionary” change, which promoted the former President, is a sort of the Armenian version of the power seizures in Georgia and the Ukraine. Indeed, the grassroots organizations supporting Ter Petrosian copied the repertoire of the social mobilization in the aforementioned countries. Moreover, this attempt at “colorful” change had already been tried in April 2004 and failed after a harsh governmental crackdown. The movement disappeared for the next four years probably because of the organizational inability of the opposition leaders, lack of funding, lack of foreign interest for a “color revolution” in Armenia, and economic growth. The Georgian and Ukrainian experiences proved that this highly praised form of change, promoted by well-paid think-tanks and NGO entrepreneurs, is far from improving social conditions, or truly reforming the system; it was nothing but what seemed a novel, and folkloric, way of seizing power and redefining both domestic and international alliances; and once the objective was reached, the “revolution” revealed its true color: plus ca change, plus ca reste le même… Why then the persistent attraction of a “color revolution” in Armenia? Why the lack of a political awareness that it was nothing other than a distorted channeling
of social protest to an outcome that would most probably be yet another deception and fail to address any meaningful change that was likely to improve the conditions of wealth distribution?

This is this essay’s second major concern. It aims at focusing more broadly on the political culture in Armenia. I argue that the lack of a social justice agenda that succeeds in promoting popular mobilization has to three main causes: the dominant nationalist ideology in past mass mobilizations in 1965 and 1988-1991; the absence of social awareness in the mindset and worldview of the *homo sovieticus* that embraced capitalism after 1991; and the failure, or lack of will, of any leftist or social-democratic political force to assume a leading role in promoting a social justice agenda and to foresee its legitimate aim of increasing its electoral bases by building support for that agenda.

In what follows, I discuss both issues based on two conceptual perspectives. The first is “polarized politics”, which Diana Epstein and John D. Graham use to examine partisan political polarization in the United States. Though the paper refers exclusively to American politics and is concerned with the consequences of political polarization for democracy in the US, it nevertheless allows broadening the scope of the conceptual perspective formulated in the initial research questions, in particular: “Who is polarized? Is it political elites or [ordinary] citizens, or both? What drives polarization and what are its consequences for … democracy? And is polarization a serious problem, and, if so, what are some potential solutions?” Of these questions defining a framework to study political polarization, the first and the second are of special interest for this study; in fact, they are used as a guideline for the analysis. In addition, the authors’ comments about the numerous causes of political polarization, including the growth in income inequality, provide further conceptual insights for the argument in this paper. It is to be stressed, however, that I do not apply Epstein and Graham’s empirical methodology in my analysis. Such an effort is, by all means, worthwhile and could enhance further the understanding of the phenomenon in Armenia; however, it requires a different theoretical and methodological approach from the one I use to address this paper’s research question.

Indeed, my theoretical frame is the rather new interdisciplinary approach known as International Political Sociology (IPS) within the epistemological guidelines that Didier Brigo and R. B. J. Walker describe in the editorial of the first issue of the academic journal where this disciplinary field of social science is developed. Accordingly, the international phenomena is better understood if enriched with sociological traditions to make the analysis less Anglo-Saxon ethnocentric; and, with the same token, in the context of a globalized world the discipline of International Relations is able to add something to these rich traditions. This disciplinary convergence has been successfully tried bringing together politics and economy and gave birth to the now widespread field of International Political Economy. Methodologically, therefore, instead of using a single case study analysis, I focus on the broader context of the global political economy, then focus on Armenia and highlight the particular aspects of post-Soviet transition using sociological concepts in their interaction with the global dynamic of the systemic change at the end of the Cold War.

The second conceptual perspective that I use is Albert O. Hirshman’s classical frame of “exit, voice and loyalty.” Again, Hirshman is useful to this study as a guideline; I do not use a direct application of the analytical framework. It provides the conceptual tools to explain people’s behavior and the social and political outcome of a conflictive situation. In fact, Hirshman’s framework needs expansion in the way Carlos H. Acuña and William C. Smith use it to study the support and opposition to
neoliberal reforms in Latin America. I find particularly inspiring their observation according to which “…the constitution of social groups and classes and their actions are not determined uniquely by objective conditions. These collective actors’ constitution and behavior are the effects of struggles, and these struggles are not determined directly by the relations of production or by market tendencies, regardless of how constraining conditions may be. Even those struggles usually considered as strictly ‘economic’ are historically specific and are defined and shaped by political, institutional, and ideological relations,” to specify the particularity of social protest in Armenia, and derive conclusions about the political culture.

The first part of the paper focuses on social protest in the global political economy of the 1990s. I explain the emergence, organization and outcome of the mobilization against the widening inequality due to the expansion of the free market to highlight the common characteristics of a complex and extremely diverse phenomenon. The second part analyzes the underlying reasons why social protest was absent in former communist countries, particularly in ex-Soviet republics, despite the harsh economic conditions in which large segments of these societies found themselves. In the third part, finally, I consider the Armenian case and explain why and how the current political polarization is in fact the distortion of the social nature of protest, which, however, has not been able to formulate a proper struggle agenda. My partial conclusions are twofold; I first discuss the phenomenon in the current context of the global crisis and its impact in Armenia; and, then, I propose some directions to study Armenian political culture, and specially nationalism, in the ideological context of free-market fundamentalism.

I should emphasize that the starting point of this paper is far from having any pretension of being value-free for the sake of “objectivity,” and, quite the opposite, it openly claims an engagement with the ethics of social justice, especially in questions of wealth redistribution; nevertheless, is not my intention to fall into the trap of the “blame game.” Nor does my ethical engagement in this paper pursue a political agenda, in which case this would have been a policy paper. Any political force certainly has its own calculations in assuming a position, or making decisions for which voters, and ultimately History, would judge it. In this sense, this is not a partisan paper, nor does it end with policy prescriptions. My main objective is to try to critically understand contemporary Armenian political culture in the aftermath of seven decades of Soviet regime, and, more specifically, the interactional dynamics of nationalism and free-market economy in the post-Soviet context of Armenia, from the theoretical perspective of IPS.

GLOBAL SOCIAL PROTEST AT THE DAWN OF THE TWENTYFIRST CENTURY: CONCEPTUALIZING “VOICE” AGAINST MARKET FUNDAMENTALISM

The relatively peaceful dissolution of the Soviet Union in 1991 revealed not only the failure of a historical experience, but also the ideological bankruptcy of Marxism-Leninism, which pretended to have found the revolutionary way to fulfill the ultimate goal of Enlightenment: the liberation of mankind from all sorts of exploitation and alienation. Despite the modernization that communism had brought to the Eurasian continent, and the former Russian empire, it lost the final battle with capitalism in the global bipolar confrontation of the Cold War. From Lenin to Gorbachov, Soviet leaders were convinced that the inner contradictions of the capitalist mode of production would ultimately lead to its fall. Yet, capitalism in the twentieth century survived two world wars and two major crises, 1929 and 1973, whereas, ironically, it was the inner contradictions of the Soviet system and the centrally planned Statist
mode of economic management that finally led the model to its ruins. No matter how convincing the belief that there could be no “end of History,” as Francis Fukuyama interpreted the sea-change events of 1989-1991 in his widely circulated essay, the end of the Cold War left a winner: capitalism and its winning political formula of liberal democracy and free-market economy.

This model was promoted by the Reagan-Thatcher “Conservative Revolution” of the 1980s, following the ideological guideline of the spiritual fathers of neoliberalism, Friedrich Hayek and Milton Friedman. Both Reagan and Thatcher fought their own battles at home and abroad against Keynesianism, the New Deal and the Welfare State, was literally imposed as the only acceptable path to those who wanted to prevail in the post-Cold War new world order. The pensée unique, as the French critical thinkers would soon characterize it, of the liberal democracy and free-market economy winning formula were translated into policies through the Washington Consensus (1989) and the Freedom Support Act (1992), among others. Fiscal discipline, economic liberalization and privatization became necessary conditions for any country that aspired to count on the goodwill of Washington to receive credits and congratulation letters from the International Monetary Fund (IMF), the World Bank (WB) and other financial institutions. The implementation of these policies, popularly known as Neoliberal reforms, varied from one country to another; yet almost everywhere it broadly meant the “retreat of the State”, as Susan Strange conceptualized it and the shift of economic activity from production to services with the predominance of the finance industry. Thus, globalization, which became synonymous with the late twentieth century’s “Great Transformation” in the sense of Karl Polanyi’s conceptualization of the dynamics of the “19th century civilization”, meant mostly the global expansion of the unique model of liberal democracy and free-market economy alone with, and pushed by, the United States in its rise as the world’s one and only superpower.

In the immediate aftermath of the fall of the Soviet Union, and throughout the 1990s, the world economy knew unprecedented levels of growth. Many economists believed that the crisis, long considered an inherent part of capitalism, was already history. The virtue of laissez-faire, laissez passer, though first proclaimed in a different historical context, seemed to provide a solution to virtually any social problem, including health care, education, social security, employment, poverty… and the few, though respectful, voices warning about the consequences of the Neoliberal reforms, like Joseph Stiglitz, were simply ignored. Yet, despite the huge wealth creation that the global expansion of free-market provided in the 1990s, the issue of redistribution was never addressed; in fact, it was totally dismissed as irrelevant, or a non-issue, as market fundamentalists dogmatically believed in the ultimate equilibrium of offer and demand. Likewise, the destructive impact of massive consuming on the environment and the climate failed to create a global engagement to the Kyoto Protocol. As almost all the statistics showed year after year, the globalization of Neoliberal reforms failed to stop the widening gap of income distribution, which, in turn, deepened the social inequalities both within and between societies. Moreover, far from leaving behind the crisis cycles, the global expansion of the free-market in the 1990s went through at least four major breakdowns before facing, in the words of Roger C. Altman, “the Great Crash, 2008”:

1994, Mexico; 1997, South-East Asia; 1998, Russia; 2001-2002, Argentina. Free-market globalization, in sum, provided unprecedented economic growth, yet at the same time it deepened the gap between the “haves” and “have not,” and led to wealth and power concentration both within countries and on the international stage. Liberal democracy, the other, and as much promoted, pillar of the post-Cold War winning
formula, in turn, proved to be unable to address the issue through the polyarchycal procedure.

The social protest that emerged worldwide could, then, be conceptualized as the “voice” of those who were affected negatively by the global expansion of the free-market. Initial signs of a rising discontent in the world appeared in 1994 with the emergence of the Zapatista movement in Chiapas (Mexico). While the folklore of the rebellion copied the classical Latin American uprising, the Zapatistas were the first to introduce new means of struggle, especially Internet and mass media, and showed a deep understanding of some of the rules of the game in the globalized world. The Zapatista rising was mostly the protest of the most marginalized sector, the local indigenous people of Mexico, who not only did not see any benefit from the much praised North American Free Trade Agreement (NAFTA) but also feared that it would destroy their way of life and cause further misery. In Chiapas, then, the “truth” of the free-market benefitting all was severely questioned. Nevertheless the global protest movement was born, or became visible, with the outburst of a massive protest against the World Trade Organization’s (WTO) November 28 – December 3, 1999 conference in Seattle. 

An extremely diverse mass of civil society groups with no common agenda except their discontent about the negative impact of the free-market on labor, human rights, environment, gender conditions, etc., and with no hierarchical organization coordinated probably the first massive protest action of the global era. The greatest novelty of the Seattle mass mobilization was the move from a traditional way of leading a protest movement, one that is proper to political parties or Unions, to the logic of networking, a looser but more efficient form or organization. Furthermore, the logic of network instead of a formal organization allowed the implementation of direct democracy. Seattle, then, shaped the idea of a globalization centered on human issues instead of free-market expansion, and moved to a more radical, direct form of democracy instead of liberal, representative, democracy.

In this sense, Seattle became a turning point in the global political economy. It happened ten years after the birth and implementation of the Washington Consensus, in the midst of a deep recession in Latin American countries that had more or less followed the path of the ten commandments of the document to leave behind the so-called “lost decade” of the 1980s, come out of the debt crisis and start to grow. Yet despite the almost double-digit growth of the first five years of the post-Cold War, countries like Argentina, Mexico and Brazil, “discovered” the dark side of neoliberal globalization: double-digit unemployment, social insecurity, impoverishment, recession, severe deterioration of public health and education... The WB, IMF and other financial institutions had really no proposal except the same repertoire of more liberalization, fiscal discipline and privatization, while capital flight, facilitated by the lack of any State control on banks and financial entities, was once again drying up the wealth of best students of their lessons... At most, the WB came out with the idea of empowering civil society, included the issue of poverty on its agenda, and promoted the idea of social corporate responsibility without seriously addressing the structural causes of the new debacle. By 1998, the most affected sectors of a decade of neoliberal reforms had started to organize social networks, try new forms of protest and gain visibility in mass media. Picketers in Argentina, Cocaleros in Bolivia and landless people, Sem Terra, in Brazil, among others, became the new symbols of social protest and mobilization. Protest movements made their appearance also in Africa (mostly Kenya and South Africa), Asia (India in particular), and Europe (France, Germany, Holland, Belgium...), which, furthermore, would provide the intellectual framing and the philosophical content of the global mobilization against free-market fundamentalism. Indeed, whereas engaged liberals and promoters of
free-market globalization, like the former president of Mexico, Ernesto Zedillo, who later became the director of the Yale Center for the Study of Globalization, accused the protest movement of being “anti-globalization,” the followers would identify themselves as “alter-globalization,” following the French formulation of “altermondialisme,” and claim “Another World is Possible,” through a series of public policies, including the Tobin Tax on financial transactions, the cancelation of the foreign debt of developing countries, the reorganization of agriculture, free software, and so forth.

The foundational moment of the movement came with the emergence of the World Social Forum (WSF) in 2001, in what is known as the Porto Alegre process. The WSF did not become a new “International” in the sense of the institutionalization of the world workers’ movement in the 19th century, as some presumed, nor did it propose a new revolution. The annual meeting of tens of thousands people in January of each year in, so far, Latin America, Africa and Asia, at the time when the World Economic Forum (WEF) is celebrated in Davos, Switzerland, has rather created a broad context for the most democratic debate and discussion of ideas and experiences aiming at making the “other world” possible. There is, of course, tension between the two main proposals of the Forum’s orientation – maintaining its current status or working for a more hierarchic organization, “bridging” Porto Alegre and Davos, or asserting the global rise of the South, as was crystallized in the speeches of Brazil’s Luiz Inácio Lula da Silva and Venezuela’s Hugo Chávez at the 2005 WSF meeting in Porto Alegre. Yet it is wrong to conclude that the global protest movement stayed at the stage of mobilization without any concrete change of politics. At least two phenomena have their origin in the global protest movement of the late 20th century. The first one is the “Left Turn” in South and Central America with center-leftist parties and political organizations being elected and their program receiving wide popular support; the other phenomenon is the May-June 2005 referendums in France and Holland where the draft of the European Union’s Constitution was rejected because of its failure to include the “social chapter” in the process of regional integration.

In sum, the global social protest at the end of the 20th century and the beginning of the 21st defined a democratic space for Voice to those who were marginalized in the transformational process of free-market expansion. In this sense, as William Smith and Patricio Korzeniewicz stated, the current global protest could be understood as the counter-movement to the expansion of the free-market in terms of resistance to the social destruction it implies. Despite its heterogeneity and vast diversity, the global protest movement is broadly characterized by social sensibility; a social justice agenda; wealth redistribution and not philanthropy to address the issue of poverty; environmental sustainability; direct democracy; rejection of global financial governance by IMF and WB; a greater role for the State in regulating the market; and mobilized societies. The protest and the politics it generated aim at a radical reform of the global political economy in a firm evolutionary way linking the local with the global.

THE “SHOCKING” TRANSITION AND ITS AFTERMATH: EXPLAINING THE “SILENCE” IN THE FORMER EASTERN EUROPEAN AND SOVIET REPUBLICS

With rare exceptions, there were no social movements, NGOs or intellectuals representing any of Eastern European, and even less former Soviet republics at the WSF. It seemed that the momentum of the rise and expansion of global social protest was totally ignored by these societies, or instead of “Voice”, the dominant behavior there was “Silence.” Yet, the reasons for this “Silence” differ, for, as Mitchell A.
Orenstein states, “the additional voice that people gain through democratic institutions has been crucial to the largely positive social-welfare outcomes in the new EU member states. Conversely, the lack of popular voice in politics allows former Soviet states to ignore the plight of the socially weak.” xxii The picture, as he later on explains, is not, of course, as black and white as this statement. Moreover, both the Communist era and the process of transition of all these countries shared common characteristics. Thus, four key ways distinguished communist welfare States: a system built on the requirement of full employment; a social provision and variety of mechanisms for achieving social aims that were broader than in Western developed countries – though with a much lower service quality; State-owned enterprises that were not typically profit-making entities but rather institutions serving the people; and communist ideals emphasizing equality and valuing the working class. “In sum, the communist welfare States bequeathed a unique structural legacy based on full employment and enterprise-related benefits. Moreover, they were far more generous than noncommunist countries at a similar level of economic development.”

Likewise, the transition to a free-market economy was realized through three major shocks: “the elimination of most price subsidies, the end of full employment, and the transformation of state-owned enterprises into profit-making entities.” xxiii As Bela Greskovits xxiv showed, the radical market-liberalization programs in former communist countries were not the only option; however, economists like Yegor Gaidar, who embraced the monetarist dogma and became a market fundamentalist, enjoyed important advantages over those who Grekovits labels as reformers or partisans of a slower and gradual path of transition. This was mostly because the reformers were too tied to the collapsing political systems and were not able to show any concrete results, whereas those who aggressively lobbied for drastic methods had novel, strong and promising arguments, and the support of neoliberal think-tanks, research institutions, and celebrity economists as advisors. Yet the choice of the “shock therapy” was not, as Naomi Klein xxv has explained, the brainchild of the newborn free-marketers in former communist countries; it was the policy package of an ideological crusade that Milton Friedman and his followers undertook against those who believed that governments had a role in the economy, mainly Keynesians, pretending to protect the purity of capitalism; nevertheless, far from being a fairy tale philosophy of freedom in action, the application of this crusade has been “orchestrated raids on the public sphere in the wake of catastrophic events. Combined with the treatment of disasters as exciting market opportunities [that Klein calls] “disaster capitalism”, xxvi First implemented in Chile during the military dictatorship of Augusto Pinochet (1973-1989), the Chicago School shock therapy package, the “Pinochet option,” was applied in postcommunist Russia, xxvii and, by extension, in practically all the other former Soviet republics.

What, however, was singular to the transition in Russia, and other Soviet republics, was the persistent importance of the State, as the new wealth accumulation implied a strategy of “State seizure”. xxviii In other words, it was not quite market liberalization that was taking place, but rather a corporatist model was coming into being. “The scandal wasn’t just that Russia’s public riches were auctioned off for a fraction of their worth –it was also that, in true corporatist style, they were purchased with public money … In a bold act of cooperation between the politicians selling the public companies and the businessmen buying them, several of Yeltsin’s ministers transferred large sums of public money, which should have gone into the national bank or treasury, into private banks that had been hastily incorporated by oligarchs. The State then contracted with the same banks to run the privatization auctions for the oil fields and mines. The banks ran the auctions, but they also bid in them—and sure
enough, the oligarch-owned banks decided to make themselves the proud new owners of the previously public assets. The money they put up to buy the shares in these public companies was likely the same public money that Yeltsin’s ministers had deposited with them earlier. In other words, the Russian people fronted the money for the looting of their own country. Marshall Goldman labels as “piratization” this peculiar process of privatization. A second singularity of the postcommunist transition in Russia, and former Soviet republics, was the criminalization of the economy and the embedment of criminal structures within the State. In all, the shock therapy in Russia, and by extension former Soviet republics, led to a corporatist and criminal process of wealth concentration in the hands of a new global capitalist class. The process was embedded both with the legacy of communism, whereas, contrary to Ronald Reagan’s famous “the State is not the solution, the State is the problem” declaration, the State still proved to be central for the “solution,” yet not anymore at the service of the public good but rather the interests of the new “haves and haves more…” The Putin phenomenon made a difference only by reasserting the authority of the State over the oligarchs, threatening their interests only when they persisted in challenging this authority; otherwise, when they accepted stepping aside in politics, they did not really see any change affecting their wealth or income in favor of the people.

The shock therapy transition in former communist countries left a social policy deficit, as, in the words of Orenstein, “The neoliberal ‘Washington Consensus’ was clear on trade policy, market liberalization, and privatization, but had little to say on the social-sector restructuring that was to become such a large part of postcommunist transformation.” What, according to his analysis, made a difference between one country and another when dealing with the welfare issue after transition, was, along with the intervention of transnational organizations, the level of democracy, which “is positively correlated with the level of social expenditure in postcommunist Europe and Eurasia. The Highest-rated democracies spend considerably more on social protection as a share of GDP than other states in the region –as much as 10 percent.” In this sense, the EU’s intervention and conditioning for membership to Eastern European states has been crucial. “EU officials expressed concern about the possibility of “social dumping” from CEE countries, worrying that low levels of social spending in Central and Eastern Europe would force people to move west or to export their social and medical problems. Thus the EU encouraged prospective members to maintain a “European” level of social protection, but stressed that this should be affordable and sustainable. This explains, at least in part, the relatively high welfare spending of some CEE states.”

Within this context, two of Orenstein’s conclusive remarks are of particular interest when addressing the issue of “Silence” instead of “Voice” in former communist countries. The first one is the dramatic increase of inequality after 1989, without, however, approaching the African or Asian levels. “It remains to be seen, however, whether income inequality will continue to grow. A widening disparity could threaten the social consensus behind welfare-state spending, as wealthier individuals opt out and poorer people fail to consolidate political support.” In other words, despite the income disparity, and perhaps because of maintaining some level of welfare-spending, a “social consensus” emerged to accept the new situation and not rise up against it. The second remark concerns the preference of Eastern European countries for the conservative model of welfare. “Strangely, the social-democratic model – arguably the most effective and perhaps the most suitable for a former communist state -- held no appeal for Central and East Europeans. Instead, CEE states drew primarily from their conservative pasts and the liberal policies advocated by the
Washington Consensus. As the problems associated with these choices become apparent, particularly in the context of an aging population, postcommunist welfare states may begin to reevaluate their choice.\textsuperscript{xxxvi} According to Orenstein’s argument, then, in Eastern Europe, and in countries where the level of democratic governance is higher among the former communist countries, the social-democratic shift is still possible through the institutional channeling of the “Voice” of the people. However, the same could hardly be true for former Soviet republics. The reason is probably not only the persistent skepticism about any alternative that even remotely reminds people of the failed communist experience, but also the collective psychology of the \textit{homo sovieticus}, the socio-anthropological type of the ordinary citizen in any of the former Soviet republics, and, in particular, their understanding of the State. “The State for the \textit{homo sovieticus} is not one of the institutions built through history with its proper functions and limits for its activity, but a super-institution enhancing everything, universal in both its functions and activities. Deep inside, the Soviet society perceives the State as a universal, premodern and paternalistic type of institution that interferes in all aspects of humans’ life.”\textsuperscript{xxxvii} This persistent “statization”\textsuperscript{xxxviii} of the ordinary \textit{homo sovieticus} in the postcommunist context is perhaps one of the most powerful aspects of a political culture where the pressure from above for any social change has been at least rare, if not non-existent, since 1917, along with the conviction that the social question has been resolved, and, anyhow, it is up to the State, those above, to resolve it.

This is why the much praised “color revolutions” of Georgia, the Ukraine and Kyrgyzstan, often portrayed as a leap forward in the process of democratization, were merely a power struggle to seize the State, and, consequently, a larger portion of wealth, despite the popular enthusiasm and hopes for improving conditions. “By understanding that elites may be motivated by acquiring and preserving wealth rather than ideology, then color revolutions can be understood more as continuity with existing politics rather than a break with the past. Mass protest should then be conceived as the visible manifestation of existing power relations in the polity, rather than the 	extit{ex nihilo} emergence of the ‘people’ against the ‘powerful’.”\textsuperscript{xxxix}

ARMENIA: POLITICAL POLARIZATION AS A DISTORTION OF SOCIAL PROTEST

The post-Soviet transition in Armenia has largely corresponded to the dominant pattern of the same process in other former Soviet republics. Interestingly, the transition has not been an issue of critical analysis. With rare exceptions\textsuperscript{xl} where critical appraisal is applied to the causes and consequences of the shock therapy transition, practically all the intellectual output deals with technical aspects of the post-Soviet era. Rare, if ever, do they include strong statements like the three main obstacles that Muriel Mirak-Weissbach identifies in the path of development in Armenia: “first, over the past twenty years, a post-Soviet oligarchy has emerged, in Armenia as 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.”\textsuperscript{xxl} And, with the exception of center-left journals such as \textit{Tesaket}, or \textit{Droshak},
analysis of the transition from a socially engaged perspective is, rather, a voice from outside –the Diaspora. The reason why critical approaches to the transition in Armenia are scarce is, of course, related to the available funding and the funding sources of social research in Armenia, a topic that is outside the scope of this paper, yet surely is worth addressing separately. And the lack of a critical approach to the Armenian transition explains the absence of research concerning the topic of social protest in Armenia.

Despite its broad similarities with other post-Soviet transitions, the Armenian case has its particular aspects too. The most important of them has been the war in Karabagh; other factors to take into account are the 1988 earthquake and the relationship with the Diaspora. War in Karabagh and the Diaspora factor, in turn, highlight the most important ideological motivation for transition: nationalism. In fact, nationalism, the awareness and defense of the national identity that was forged in the 19th century awakening movement of Zartonq, has been the motivation behind almost every single issue that involved more or less massive mobilization, especially since the outburst of popular protest in 1965, during the commemoration of the 50th anniversary of the 1915 Genocide. Nationalism, in particular, explains the emergence and expansion of the Karabagh movement in 1988. Yet nationalism had little, if anything, to say about the transition in Armenia. Moreover, within the circle of the intellectuals that assumed the leadership of the movement and the process of independence the lack of knowledge about how to proceed in the creation of the post-Soviet era national economic order was obvious. Nationalism and national aims were the only guidelines for the decisions made with respect to privatization and liberalization. Furthermore, with war going on in Karabagh, the leadership of the movement and, after the independence of 1991, the elected government had to give priority to the necessities of the front. War, therefore, and later on military triumph, were important factors that restrained the expression of grievances during the process of “State seizure” in Armenia, and helped to lay down the foundations of the State.

Military success, perhaps, is what distinguishes the transition process in Armenia from the ones in neighboring Georgia and Azerbaijan, where too, nationalist feelings and motivation were the driving force behind the popular movements. Another unique aspect of the Armenian transition is a healthy debate at least until the end of 1994 both in the legislature and in public opinion about the way to proceed in the transition to decide both the state system –parliamentary or presidential regime -- and economic reforms -- gradual versus shock therapy. The crackdown on the main political opposition in December 1994 facilitated the quick adoption of the Constitution in 1995, and the laws about privatization and opening the economy were passed without major debates. In sum, the authoritarian turn of Armenian post-Soviet politics by the end of 1994 opened the way to the emergence and consolidation of the social-economic order of wealth concentration in the hands of a minority, the so-called oligarchs, who monopolized the means of production and trade. As for the economic policy, it mainly consisted of following the neoliberal prescriptions of the IMF and the WB to insure the capital flow and maintain fiscal balance and discipline in the most dogmatic monetarist understanding of the policy. Despite occasional declarations of a more strategic and mid-term approach to structuring the economy, such as the project of transforming Armenia into a “Silicon Valley,” after the dismantlement of the industrial bases and the shock therapy, it has been practically impossible to move beyond the financial casino, service economy, foreign aid and IMF credit lines, construction, and remittances that lie behind the stabilization and extraordinary growth of 2003-2007. The structure of the economy, furthermore, led to a geographical concentration of the activity at the central part of Yerevan whereas the
hinterland, periphery, and some neighborhoods of the capital were almost abandoned, with no real interest of investment except for the occasional mansion or church, usually built by an oligarch or a fellow Armenian that made money outside.

Given these conditions of economic hardship, it should not be surprising that people usually chose the “Exit” option, in other words leaving the country, for a better destination. For the ideologues and partisans of the shock therapy who, as Ter Petrosyan’s former interior minister Vano Siradeghyan once cynically put it, envisioned capitalism as the proliferation of informal trade in the streets, and the once folkloric *seghaniks*, emigration was not that bad at all; it followed the rules of the free-market and could even alleviate social tensions. Moreover, the Constitutional prohibition of double citizenship sent a powerful symbolic message to Diaspora enthusiasts with the perspective of realizing the dream of returning to the homeland: people were not particularly welcome, only money and investments. Policy modification, change of attitude and economic stabilization and growth after 1998 tempered the outflow of people; yet, the trend established by an estimated 800,000 to one million people who left Armenia between 1988 and 1998 has never been reversed, nor did the “Exit” option stop being the only way out of economic hardship and lack of a better future, especially for the young.

The “Voice” option, however, did not disappear altogether. Early signs appeared as soon as two years after independence, during the tough winter of 1993, when, in February, disillusionment with the promises of a better post-Soviet life drove thousands of angry people to Freedom Square. Some public figures went as far as to ask for the resignation of the government. Yet, concerned with the negative impact of internal social instability on the warfront, the most important opposition forces stopped short of supporting the demand. The next opportunity, and perhaps the best moment to change the political course in Armenia, came with the 1996 presidential elections. They ended with the repression of the opposition’s protests against what it claimed to be fraudulent elections to assure Levon Ter Petrosyan’s reelection. The “velvet coup” of February 1998 and the resignation of an isolated Ter Petrosyan created yet another moment to capitalize on “Voice” in politics. The demand for justice in cases of corruption in the former regime was strong, and the new government seemed to support a parliamentary investigation. The so-called “Loqyan commission” made public alleged cases of corruption of, among others, former PM and free-market enthusiast Hrand Bagratyan, yet justice failed to condemn the main people indicted. The cases were closed and the government put an end to the investigative process. The reasons behind this decision are yet to be studied; however, the consequences are the suspicion that a silent deal was made between the old and new holders of power, and the widespread feeling that the powerful enjoy impunity. In sum, the 1998 turning point in Armenian politics introduced important corrections to the course of policy on national matters, such as the Karabagh conflict, Turkish-Armenian relations and the question of Genocide, and the attitude towards the Diaspora; however, the course of the economic policy was maintained and deepened. As far as the structure of wealth distribution, social inequality and political economy were concerned, there was much more continuity than change.

This is perhaps the first reason why the social question did not find its way to being formulated as “Voice.” Starting with the controversy of the 1999 shootings in the National Assembly, the political struggle focused on regime change and was often driven more by personal grievance or ambition rather than ideological difference. Robert Kocharian’s reelection in 2003 and his move to the logic of “coalition government” reduced even further the space for a democratic opposition able to attend to the social demands of the people. The fact is that economic growth did not really
provide a satisfactory solution to the growing social gap, nor did the progress towards a higher quality of democracy with the 2005 Constitutional reform convince people of a better future. Theoretically, the new Constitution ensures in the long run a better redistribution of power and better representation, yet society did not seem to feel it made any difference in its everyday life. With the outburst of the “Rose Revolution” in Georgia, “Voice” in Armenia found a fashionable, though distorted, means of expression. The failure to implement a “colorful” regime change in Armenia in April 2004 as a result of repression, lack of ability among the leadership and the absence of foreign interest, led to a sort of “low density democracy,” whereas the power of money seemed almost almighty in the making of politics, including the creation of political parties, and, of course, buying influence and votes in electoral campaigns.

Due to the “low density democracy” of this political dynamics and its lack of space for a healthy and efficient opposition, “Voice” was left out of politics. No political force was willing, or able, to build its electoral base on the issue of social justice and, gradual, yet firm, systemic change for a better redistribution of wealth and reduction in the social gap. When “Voice” was deprived of politics, it accumulated grievances and anger that, on September 2007, Ter Petrosyan capitalized on even though he really did not promise anything that would make people think that he would improve their condition.

CONCLUSION: POLARIZED POLITICS IN TIMES OF CRISIS

The post-March 1, 2008 polarization of Armenian politics has increased the vulnerability of the country in the context of the current global crisis. Tough times are to be expected in Armenia, and social tension could lead to disaster and collapse if it is not contained and social demands addressed properly. As the situation could well be lose-lose for all, it is to be hoped that the political elite will reach an understanding to avoid the worst-case scenario though differences and the power struggle will inevitably persist. Yet would this hoped for understanding within the political elite address the social needs and open a space for “Voice” in terms of demands? There are two important considerations for an answer to this question. The first one is that social demands should not be confused with philanthropy, and initiatives should aim at a more equal redistribution of wealth. The second consideration is that the dominant free-market orthodoxy lacks any experience or knowledge outside the so-far applied policies that, ironically, are the root cause of the crisis. The question, therefore, is whether any political force would be ready to focus on the social justice agenda and move towards the healthy capitalization of “Voice” for a radical systemic reform from below.

This leads us to the more conceptual issue of political culture in Armenia. As stated in this paper, nationalism is what especially distinguishes the political culture in Armenia, and, for that matter, in the Diaspora too. Yet, nationalism has always been thought of either in the context of the national liberation movement of the end of the 19th and the principles of the 20th century, or in the context of Diaspora and Soviet reality. Nationalism in the context of the free-market economy and the impact of late 20th century global capitalism on Armenian nationalist political culture has not really been a topic of study. Perhaps the current global crisis will create interest for further research on modern Armenian nationalism for both a deeper objective understanding of its evolution, and a normative apprehension of its future development.
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