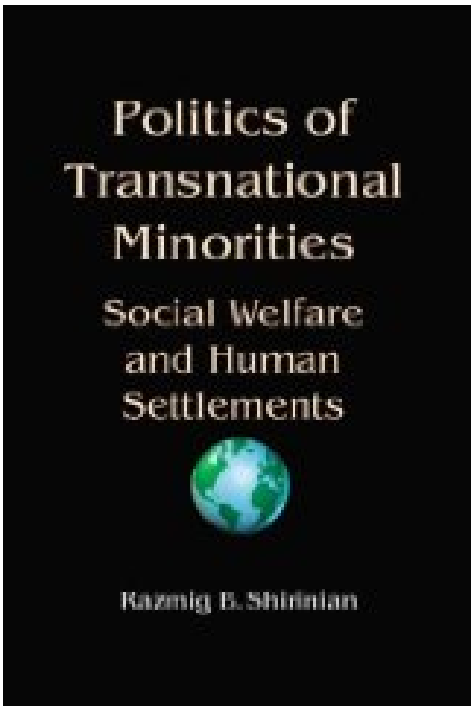
PERILS OF ARMENIA'S OPEN MARKET ECONOMY

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Category: Opinions

The **Armenian** Weekly

By Razmig Shirinian, The Armenian Weekly, 11 November 2009

Author of several books and many articles, Dr. Razmig B. Shirinian is Instructor of Political Science at the College of the Canyons in California. **Politics of Transitional Minorities** *and* **ժամանակակից քաղաքական մտածողութիւն** (in Western Armenian) *belong to his pen.*

As Turkey and Armenia attempt to rebuild their strained relationships, political suspicions, deeply rooted in history, resurface between the two. The implementation of a "roadmap" for restoring relations between the two countries could certainly change the political alignments in the Caucasus region. Turkey, however, seems to be aiming beyond the Caucasus and attempting to reestablish its ties with the Arab and Muslim worlds. Armenia, on the other hand, has simply succumbed to the dictates of the regional policies and adjusted its national interests for the economic gains of the elite.

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The post-Soviet oligarchic elites in Armenia have made every effort to normalize and establish open market relations with Turkey. The interests and wellbeing of the ordinary working people in these efforts seem to be neglected and, notably, the country remains in serious infrastructural deficiency. The open market relations with Turkey do not seek to alleviate the core economic problems of the country.

It is both ironic and elucidating that the Armenian government, as recently as December 2008, released its second Poverty Reduction Strategy Paper (PRSP). The document was prepared in collaboration with the IMF, a group of NGOs, central and local administrative representatives, trade unions, business representatives, and a number of professional groups and individuals. The PRSP Steering Committee, headed by Prime Minister Tigran Sarkisian, decided to rename the paper and call it Sustainable Development Program (SDP), since it differed from the first PRSP paper, appeared in 2003, and was more comprehensive, more inclusive, and aimed to serve as a wider "strategy for

social-economic development of the country."

Both 2003 and 2008 PRSPs for Armenia embody quite a challenging task for the years 2003-15 and beyond. However, they also seem to be largely ill-conceived economic policies in line with the dominant open market and neoliberal ideology of the post-Soviet era. Both these documents have set the policy precedent and have attuned the language of the two protocols signed with Turkey on Oct. 10, 2009. What is most notable in these documents is the fact that they fall short of some key elements of development, conveniently overlooking the equitable distribution of income and adequate appraisal of labor value, without which the overall evaluation of economic growth and development is futile.

It is, of course, both fair and appropriate to point out the remarkable neoliberal economic performance in Armenia since the turn of the century and until the onset of the recent global capitalist crisis. However, the infrastructure of growth (notably in the areas of health, education, water, and sanitation services) and the need for other improvements in basic infrastructure (say, transportation, communication, and utilities, especially in rural areas) have hardly received consideration in the country, and the questions of equitable distribution and labor value have been ignored altogether.

That's because Armenia is a pure market-driven country. That is, the plutocratic elite's control over the people has been legitimized and has taken the place of genuine political leadership. The majority of the Armenian people knows that the economic elite, entwined with the political leadership, is parasitic on the economic development of the country and is confined to oligarchic rule and its interests. The self-imposed plutocracy is not oriented towards infrastructural development and, as a result, the independence of Armenia since 1991 has primarily been an economic opportunity to be exploited, and not a political asset.

Lack of adequate sanitation, water, health care, roads, transportation, and utilities in general, and in rural areas in particular, come as a result of this plutocratic whim and civic deficiency. The economic development of Armenia, and of any other country for that matter, is believed to be measured first and foremost along these infrastructural bases. Otherwise, it's the neoliberal free market dogma that will posit the unregulated market as an attractive model and obsession for development.

Since 1991, the glorification of the market has been cheered on by ruthless land privatization and small- and large-scale privatization in which business leaders, foreign investors, entrepreneurs, and the economic elite in general are to be revered as bastions of economic growth. Why then, and how is it that poverty in Armenia abounds? That teachers and scholars are neglected? Many academicians are poor? Unemployment and poverty rates are high? Income level is low? Labor is not adequately appreciated? These concerns and the facts supporting them indicate that the power of salvation should by no means be delegated to the elite if Armenia wants to develop on behalf of its ordinary people, farmers, and workers.

It is ironic that academic institutions in Armenia have not seriously examined or even questioned the neoliberal dogma that supports the IMF, World Bank, and the Turkophile policies of the ruling elite. This dogma has become a major obstacle to the improved quality of life and a threat to the general wellbeing of the people. It has increased poverty and wealth inequality, and has intensified class differences, social conflict, and hostility. Without this examination it seems that scholars, in general, would also be allured to materialistic gain and egotistic and selfish preoccupations.

PRSPs have trivialized the concern for public interest and have advanced the fundamentals of free market growth. Oligarchs and plutocrats have been increasing their power and influence on the economy, which has surely increased the fear and insecurity of wage-earning people. This fear of personal insecurity is not unfounded. After all, there is an exploitative association of businesses and politics that is draining the democratic life and economic development from the ordinary people.

What's further distressing, the protocols signed between Armenia and Turkey will indeed constrict Armenia's geopolitical position and compromise its security. And the economic performance of the country outlined in PRSPs will remain dependent on foreign aid, without developing sufficient prosperity for the general population.