

Commentary: Armenia's "Velvet Revolution": The Next Chapter

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Armenia's "Velvet revolution" has opened a new page in the country's history. Fed up with corrupt governance and dire socio-economic conditions, Armenians took to the streets. Their steely determination led to the resignation of veteran leader Serzh Sargsyan. Nikol Pashinyan was elected Prime Minister. The biggest challenge that Pashinyan faces is meeting the huge expectations of society. His ability to deliver remains constrained by a need to secure a popular mandate through the ballot box, and by Armenia's complicated military and strategic relationship with its neighbours. While Pashinyan has opted to maintain continuity on foreign and security related issues, his domestic agenda is very ambitious. However, with the Republican Party of Armenia (RPA) continuing to have strong influence over the key branches of power, bringing real change will not be easy. Furthermore, the network of Armenia's corrupt elites and oligarchs that have plundered the state since independence will not give up without a fight. Hence to what extent Pashinyan will be able to succeed, remains to be seen.

Key words: Armenia, Revolution, Velvet Revolution, Government change, Nikol Pashinyan



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Introduction

In less than two weeks, peaceful street protests in Armenia resulted in the resignation of veteran leader Serzh Sargsyan. The success of the protests, dubbed the “Velvet Revolution,” took the world, along with the protestors themselves, by surprise. Beginning rather modestly, the protests were primarily focused on thwarting Sargsyan’s efforts to become Armenia’s new Prime Minister with wide ranging executive powers. They grew into something much bigger. Sargsyan and the Republic Party of Armenia (RPA) underestimated the ability and determination of the political opposition and broader society to unite around a single cause. On 8 May Nikol Pashinyan was elected Prime Minister. As Wojciech Górecki writes, “Armenian society has effectively rejected the country’s informal political and economic system” (the actual monopolization of politics and the economy by the RPA and the oligarchic system dominated by persons from Nagorno-Karabakh’s Armenian community).¹

Nevertheless, forcing Sargsyan’s resignation and creating a new government was the easy part. With the RPA having strong influence over the key branches of power, including the judiciary, bringing real change will not be easy. The network of Armenia’s

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corrupt elites and oligarchs that have plundered the state since independence will not give up without a fight. Furthermore, Pashinyan’s ability to deliver is also limited by a need to secure a popular mandate through the ballot box, and by Armenia’s complex military and strategic relationship with its neighbors.² With so many vested interests in the status quo, snap elections are unlikely to take place as quickly as Pashinyan would wish. A “stabilized crisis” could be on the cards.

This paper will argue that, despite the changing dynamic in the country, bringing about real change will be extremely challenging due to deeply entrenched vested interests, along with Armenia’s geostrategic circumstances and security needs.

1 Górecki, W. (2018), “The Success of the Revolution in Armenia. Pashinyan Elected Prime Minister”, *The Centre for Eastern Studies (OSW)*, 28 May 2018, accessed June 7, 2018, <https://www.osw.waw.pl/en/publikacje/analyses/2018-05-09/success-revolution-armenia-pashinyan-elected-prime-minister>.

2 Paul, A. & Sammut, D. (2018), “Armenia’s ‘Velvet Revolution’: Time is Pashinyan’s Worst Enemy”, *European Policy Center*, 30 May 2018, accessed June 7, 2018. http://www.epc.eu/pub_details.php?cat_id=4&pub_id=8568.

Countering a Power Grab

April's protests were the culmination of years of simmering anti-government tensions. While Armenians have increasingly taken to the street to express dissatisfaction with their leadership, the recent protests were on a much bigger scale. The "velvet revolution" attracted large and diverse groups of protesters in their tens to hundreds of thousands. It was networked locally and globally, connecting towns across the country and extending its reach all the way to diaspora communities around the globe.

The protests focused on domestic issues and not foreign and security policy. This set them apart from the "color revolutions" in Ukraine, Georgia, and Kyrgyzstan. There is broad dissatisfaction with the country's political system, with over a decade of entrenched political dominance by one ruling party, dire socio-economic conditions, huge disparities of wealth and income, rampant corruption, along with the enormous influence wielded by the country's oligarchs. In 2017 Armenia scored 35 (the best score being 100) on Transparency International's Corruption Perceptions Index and was positioned 107th out of 180.3 Poverty also remains a huge problem. A report from the National Statistical Service noted that the poverty rate in 2016 was 29.4%.⁴

The nomination of Sargsyan in a revamped parliamentary system that had replaced Armenia's semi-presidential one in a disputed 2015 referendum triggered the protests. The new system was set to come into force in April 2018, to coincide with the end of Sargsyan's second term as president. The president cannot serve more than two terms.

Initially, Sargsyan had indicated that he did not want the prime ministerial post. The fact that he took it suggests that either he had been play-acting or the ruling elite forced him to do so as a consequence of their failing to agree on an alternative candidate. The move was broadly viewed as a power grab. It badly backfired.⁵

3 Transparency.Am (2018), "Transparency International Anti-Corruption Center", accessed June 7 2018, <https://transparency.am/en/cpi>.

4 Armstat.Am (2018), "Socio-Economic Situation of Armenia, January-September 2004" (In Armenian, In Russian), Statistical Committee of the Republic of Armenia, accessed June 7, 2018, <http://www.armstat.am/en/?nid=82&id=198>.

5 Broers, L. (2018), "In Armenia, A Constitutional Power Grab Backfires", *Chatham House*, 24 April 2018, accessed June 7, 2018. <https://www.chathamhouse.org/expert/comment/armenia-constitutional-power-grab-backfires>.

The success of the protests not only demonstrates that the RPA underestimated public discontent, it also shows the impressive ability of civil society and an increasingly mobilized youth movement, which was the driving force behind the protests. Pashinyan skillfully used the protests to transform himself from a marginal opposition figure to a political phenomenon unlike anything Armenia has ever seen.⁶

What to Expect from Pashinyan

Pashinyan was elected Prime Minister on 8 May. He was the only candidate and received support not only from his own party, the Yelk bloc (Way Out), but also from the remaining opposition parties and several members of parliament from the RPA. While the RPA almost certainly did not want to appoint him, the fear of more street protests forced them to yield to Pashinyan's demands. Despite being a former ally of Armenia's first president, Levon Ter-Petrosyan, Pashinyan is not linked to any of Armenia's political elites, which is something novel for Armenia. With his unexpected success, Pashinyan did not have time to design real policies, so he has hit the ground running. Many of those in the new government are young, from a civil society background, and pro-western. However, how a number of key dossiers have been given to experienced politicians, including the foreign and defense ministries. However, the old guard continues to have significant influence over the government system, particularly the judiciary, including the Prosecutor General, legislature, and local self-government.

After two or three months there is a real risk that support in the streets will begin to erode if expectations are not met and expectations are unrealistically high. This was evident from the protests held a few days after Pashinyan's appointment that demanded the resignation of the Prosecutor General.

Pashinyan's priority is his domestic agenda, with continuity on foreign and security policy. He will want to quickly deliver on the promises he made during the protests as the euphoria of victory will soon wear off. After two or three months there is a real risk that support in the streets will begin to erode if expectations are not met and expectations are unrealistically high. This was evident from the protests held a few days after Pashinyan's appointment that demanded the resignation

6 Atanesian, G. (2018), "Protests In Armenia: Nikol Pashinyan's Unlikely Rise", *Eurasianet.Org*, May 3, 2018, accessed June 7, 2018, <https://eurasianet.org/s/protests-in-armenia-nikol-pashinyans-unlikely-rise>.

of the Prosecutor General.⁷ Aware of this, Pashinyan has already taken some steps that should help maintain public support. These include the National Security Services exposing several legal irregularities in companies belonging to the oligarch, Samvel Aleksanyan.

Furthermore, as Pashinyan has no political backing in the parliament and is heading a minority government, building a new and strong political force made up of the broadest coalition will be crucial. The government's work programme is very ambitious. Key priorities include electoral code reform, anticorruption measures, rooting out the deeply entrenched oligarchic system and the monopolies they hold over the economy, transitional justice, and "finding the stolen money." For the best chance of success, snap elections need to take place as quickly as possible to allow the new government to capitalize on its current support as well as create a legitimate parliament that represents the people. However, it seems unlikely that elections will take place before October/November. First, Parliament decides on the timing of the elections and the RPA opposes snap elections. While the RPA has stated they will be constructive, they could block all initiatives undertaken by Pashinyan. Second, Pashinyan will not want elections without electoral reform. Armenia is yet to hold free and fair elections, and the current electoral system is full of loopholes that open the process up to election fraud. Furthermore, Armenia's new constitution stipulates that 54 percent of the vote is necessary for a "stable parliamentary majority." If no party crosses that threshold, coalitions can be formed, but with no more than two parties or blocs. Since Pashinyan's election the RPA has started to collapse, with several RPA members leaving the party, including a number of influential businessmen. RPA no longer has a majority in parliament. This demonstrates that the RPA was not a party of like-minded people, but a party united only by power. However, this does not necessarily mean that those leaving will join Pashinyan's faction. Their first aim is to protect their vested interests and parliamentary immunity. The approach of Armenian Revolutionary Federation and Prosperous Armenia (both part of the governing coalition) going forward are also not clear. This opens the way to a very challenging situation

7 Ghazaryan, D. "Demonstrators Demand Resignation Of Prosecutor General; Block Entrance To Building", *Hetq News*, May 21, 2018, accessed June 7, 2018, <http://hetq.am/eng/news/89125/demonstrators-demand-resignation-of-prosecutor-general-block-entrance-to-building.html>.

and there is a risk of “kidnapping the revolution.” Pashinyan may have to call people to the streets in the event of this happening. However, these scenarios risk Armenia finding itself caught up in a repeating cycle of revolutions, which would bring severe instability and, hence, is not in the interest of any party. With such a challenging domestic agenda there are unlikely to be any drastic changes in terms of foreign policy.

Continuity in Foreign Policy

Since independence, Armenia’s leaders have defined the country’s foreign policy as one of complementarity. Close ties with Russia—but, at the same time, good relations with the West, including the EU. However, in reality, foreign policy has been stacked in Russia’s favor. In the early 1990s, as a result of the Nagorno-Karabakh conflict with Azerbaijan and the economic blockade imposed on Armenia by Azerbaijan and Turkey, Armenia believed it had no other choice but to anchor itself closely to Russia politically, economically, and militarily.⁸ Armenia is a member of the Eurasian Economic Union, hosts two Russian military bases, and is the only member of the Collective Security Treaty Organization (CSTO) in the region.

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In this respect, the “Russia versus the West” dilemma is not applicable to Armenia, because Armenia cannot afford to make a geopolitical choice between Russia and the West.⁹ Russia is a critical player in every facet of Armenia’s life. Despite the fact that the Kremlin does not like bottom-up power shifts in the former Soviet space, which Russia broadly views as its sphere of influence, Russia acquiesced to the change of guard in Yerevan, even if the Kremlin was not enthusiastic about it. Russia took a cautious position on the crisis, avoiding open involvement. Both the Kremlin and the Russian Ministry of Foreign Affairs underlined that the protests were an internal Armenian issue. Moscow may have learnt from its experience in Ukraine. To

8 Poghosyan, B. (2018), “Tailor-made cooperation? - Armenia’s new partnership agreement with the EU”, *European Policy Centre*, 15 February 2018, accessed June 7, 2018, http://www.epc.eu/documents/uploads/pub_8275_tailor-made-cooperation.pdf?doc_id=1950.

9 Vargas, L. (2018), “Why Armenia Is A Laboratory For Post-Soviet Democracy”, *Talk Media News*, May 29, 2018, accessed June 7, 2018, <http://www.talkmedianews.com/wake/2018/05/29/why-armenia-is-a-laboratory-for-post-soviet-democracy/>.

avoid igniting mass anti-Russian sentiment, the Kremlin seems less keen to back unpopular leaders. No doubt the massive anti-Russian reaction following the 2016 Four Day War between Azerbaijan and Armenia, which the Kremlin did not expect, has also not been forgotten.

While the Kremlin almost certainly views Pashinyan as unpredictable, Russia's position is secure due to its control over the economy and its huge stake in Armenia's security. The lack of alternative scenarios gives little wriggle room for whoever is in power. The fact that Pashinyan chose Russia as his first foreign trip underlines that he understands this, including Russia's potential to create instability via the Nagorno-Karabakh conflict. During his meeting with President Putin on 14 May, he stressed that his new government "does not envisage changes in foreign policy vector."¹⁰ Even though as late as 2017 Pashinyan's parliamentary bloc submitted legislation to withdraw from the Eurasian Economic Union, Pashinyan's words on Russia are those of a man who recognizes the geopolitical reality of his country,¹¹ which should reassure Moscow.

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However, the situation could change further down the line in the event that the new government begins to implement serious economic reform, as this could begin to impact Russian investments in the country. In this situation pressure could be brought to bear on Armenia economically, through the withholding of military aid, or by Russia moving toward closer ties with Azerbaijan. Such a development could occur if Armenia begins seriously to implement its new agreement with the EU.

Strengthening ties with the EU will be a priority for the new government. Pashinyan is due to visit Brussels before the summer. In November 2017 the EU and Armenia signed a new Comprehensive and Enhanced Partnership Agreement (CEPA) and the agreement has become even more important following the political changes in Armenia. CEPA has strong support in the country. It contains instruments that the new government can use.

¹⁰ Ghazanchyan, S. (2018), "Armenian PM Addresses EAEU Summit", *Public Radio of Armenia*, 14 May 2018, accessed June 7, 2018, <http://www.armradio.am/en/2018/05/14/armenian-pm-addresses-eaeu-summit/>.

¹¹ Waal, T. (2018), "Armenia's Revolution and the Legacy of 1988", *Carnegie Moscow Center*, 7 May 2018, accessed June 7, 2018, <https://carnegie.ru/commentary/76269>.

As recently suggested by this author, the EU's European External Action Service should establish a task force under the leadership of the EU Special Representative for the South Caucasus to identify the aspects of CEPA that can be fast-tracked. It should also provide technical assistance and training in critical areas and sectors.¹² EU financial assistance, which Armenia badly needs, will be conditioned on reform, not least anti-corruption measures in key areas including the judiciary.

CEPA has now been ratified by the Armenian Parliament and is being provisionally applied. EU Member State parliaments, along with the European Parliament, should speedily move ahead with ratification, which would send a strong signal of support to Armenian society. As of today, only some three to four

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Member State governments have ratified it. While this would also be an opportune moment for the EU to press ahead with steps to start talks for visa liberalization, this is unlikely to happen, as a number of EU member states are currently opposed to this step for both internal and external reasons. The EU, along with other international actors, would also like to see an early meeting between Pashinyan and Azerbaijani President Ilham Aliyev over the Nagorno-Karabakh peace process. The change of guard in Yerevan will also impact the Nagorno-Karabakh conflict. Pashinyan is the first Armenian leader in two decades who does not hail from Karabakh's Armenian community. This makes him something of an anomaly. Immediately after becoming Prime Minister he visited Karabakh. The trip was a deliberate signal that Karabakh holds great importance for Pashinyan and his team.¹³

Azerbaijan was also not expecting the change of guard in Yerevan. For the first time in over a decade the Azerbaijani president, Ilham Aliyev, will have a new counterpart. Baku hoped Yerevan's new leadership might bring a fresh approach to negotiations over the Nagorno-Karabakh enclave.¹⁴ Indeed, Sargsyan's resignation was hailed by the Azerbaijani Ministry

12 Paul & Sammut, "Armenia's Velvet Revolution", *op. cit.*

13 Abrahamyan, E. (2018), "Pashinyan Stiffens Armenia's Posture Toward Karabakh", *The Jamestown Foundation, Eurasia Daily Monitor*, Volume: 15 Issue: 72, 10 May 2018, <https://jamestown.org/program/pashinyan-stiffens-armenias-posture-toward-karabakh/>.

14 Shiryev, Z. (2018), "For Azerbaijan, Armenia's Political Upheaval is a Double-Edged Sword", *Crisis Group*, 25 May 2018, accessed June 7, 2018, <https://www.crisisgroup.org/europe-central-asia/caucasus/azerbaijan/azerbaijan-armenias-political-upheaval-double-edged-sword>.

of Foreign Affairs, who announced on 24 April that they were looking forward to negotiating with “sensible political forces.” Sargsyan favored a “territories for status” agreement, insisting that the seven occupied territories surrounding Nagorno-Karabakh could only be returned to Azerbaijan after Nagorno-Karabakh’s status was resolved. This is unacceptable for Azerbaijan, which favors a step-by-step formula. However, a number of statements from Pashinyan on Karabakh since coming to power would seem to signal that his approach may not be any different from that of Sargsyan; in fact, it could even be tougher. During his visit to Karabakh Pashinyan made a number of strong statements, including emphasizing that only the “leadership” of Karabakh can speak on behalf of Karabakh; and that mutual concessions can only be negotiated if Azerbaijan gives a clear message that Baku is ready to recognize the right of the people of Karabakh to self-determination. In this sense, according to Zaur Shiryev for Azerbaijan, Armenia’s political upheaval is a double-edged sword—being both hopeful and worrying.¹⁵

Pashinyan may also not want a rapid return to the peace talks. Given that the talks are a secretive process with only a handful of people privy to all the details, he, and his new team, will want to fully acquaint themselves with all the specifics.

However, the Line of Contact is very volatile. Skirmishes across the ‘line of contact’ can quickly spiral out of control. So while, as stressed by a statement by the OSCE Minsk Group, the situation on the Line of Contact has been relatively stable, this is unlikely to last,¹⁶ and a return to the peace talks should take place sooner rather than later. Furthermore, at this crucial juncture the international community should keep a close eye on the situation.

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Conclusion

The “Velvet Revolution” has opened a new chapter in Armenia’s history. Armenians feel empowered, and believe that anything is possible. Furthermore, success in Armenia—a victory of

¹⁵ Shiryev, *op. cit.*

¹⁶ Osce.Org (2018), “Press Statement by the Co-Chairs of the OSCE Minsk Group”, 15 May 2018, accessed June 7, 2018, <https://www.osce.org/minsk-group/381283>.

democracy—can also be seen as a defeat of the pressure and coercion preferred by Russia.

Consequently, Pashinyan will face pressure from both the bottom (the people) and from the top (Russia). Despite Russia's pragmatic approach, there can be no doubt that Moscow will scrutinize Pashinyan's every move. Keeping Moscow onside, while at the same time pushing for change, will be challenging. Efforts to strengthen democracy and the rule of law, and build a more prosperous state will face resistance at every turn. Winning elections and taking control of the parliament will be the first step in the journey.

Time is definitely not on Pashinyan's side. The biggest challenge that the new government faces is meeting the huge expectations of Armenian society. After two or three months support in the streets risks being eroded if expectations are not met. Expectations will need to be tempered and society will need to be patient. As other countries have discovered, including Georgia and Ukraine, uprooting the corrupt networks of vested interests that have kidnapped the country for decades is a long-term process. This challenging situation is further exacerbated by Armenia's complicated geopolitical and security situation. Hence, change is likely to be slow and not linear, and the extent to which Pashinyan will be able to succeed remains to be seen.