

ARMENIA IN THE GLOBAL WORLD

Gagik Harutyunyan

Introduction

The statement by Arnold Toynbee on a successful functioning of civilizations, assuming adequate responses to the relevant challenges¹, is quoted very frequently in different wordings. This point however never loses its relevance by acquiring a commonplace coloring. Therefore it will be quite legitimate to lean upon this statement by Toynbee while trying to make an approximation of Armenia's successes and failures in this setting during the past year. It can also be added that in keeping with a number of studies, Armenia retains every feature of an autonomous civilization entity, so that associating the Armenian issues with the nomenclature employed by Toynby can be regarded as thoroughly appropriate².

Within the last two decades the Armenian society has passed a very complex period of its history, spanning both a revolution and a war. There is evidence today that our society has overcome the state of shock becoming more compatible with the environment, and most importantly, more adequately responding to the surrounding processes. There are certain rather positive alterations in the Armenian communal consciousness. A significant reduction has been observed in the tendency to slur or, conversely, to compliment the inherent Soviet socialist past. Also forming in parallel is a comprehensive perception of the many faults and merits of the democratic system. A relevant evolution has also occurred to the political elite: given all currently recognized problems, it has acquired the much-needed skills of governmental and political control which were in such a deficit in the initial post-revolutionary years.

All those things are evidence of Armenia forming a society which can adequately evaluate both its own place within the global community and its own capabilities in the newly emerging world. The above-mentioned positive features

¹ А. Дж. Тойнби, *Цивилизация перед судом истории*, Москва, Ид-во Айрис Пресс, 2003.

² Гагик Арутюнян, *Цивилизационный фактор в контексте проблем информационной безопасности*, 21Век, #1(3), 2006; Тигран Саркисян, *Армянская цивилизация как амбициозный проект*, 21Век, #1, с. 3, 2007.

are by no means indicative of the universal solutions for all problems, which will ever retain sufficient numbers and which will be discussed in due course. Here we deal only with the reassuring features, further to be considered.

Obviously a discussion of the complete spectrum of positive and negative processes would be neither expedient, nor possible. To be presented in this article are the post-revolutionary processes in Armenia as evaluated by some International organizations, with the relevant issues of national sovereignty in the globalizing environment, as well as observations on some trends and events having a significant effect upon the development process without, however, enjoying a sufficient coverage in the media.

1. Armenia within the Context of the International Rating Lists

Data analysis of some world rating lists may be regarded as a quantitative representation of the abovementioned observations. Similar researches on very different criteria are currently extremely popular. Those ratings are however not to be unreservedly accepted¹. Meanwhile, the rating analysis can supply a huge bulk of evidence for forming the pictures of relevant situations. A total analysis of this kind is however to be left to specialized groups, we shall herein restrict ourselves to examining only two rating lists. The prestigious journal *Foreign Policy* and the organization Thomson Dialog publish Failed States Index indicating the insolvency or solvency of a specific state. Taken as the second rating list is Economic Freedom Index or the Index of Economic Freedom compiled annually by the Heritage Foundation. The data of this rating are allegedly reflective of the degrees of freedom in specific societies which is economically viable, rather than declarative.

These rating lists are assumed to be integrally reflective of the adequacy of a specific state with regard to its environment. It is also assumed that the comparative analysis of those rating lists will help discuss some actual issues regarding the present and the future of the national states within the context of globalization processes.

Failed States Index and Economic Freedom Index 2006. When compiling the Failed States Index use was made of the following characteristics:

Growing demographic pressure; Massive displacements of refugees and internal relocations; Presence of disgruntled and vindictive groups; Persistent and permanent displacement of people. Uneven growth of different economic industries; Rapid economic decline; Criminalization and deligitimization of state-

¹ See *Ара Марджанян*, "Некоторые замечания о методике определения "Индекса экономической свободы" 21Век, #2, 2007 (в печати).

increasing deterioration of public services; Trampling individual rights; The danger of a state within a state; Growth of group (clannish) elites. Interference of other states or outside factors.

According to the counting procedure, the most solvent countries score the least points, so that the rating list¹ (see Table 1) presented stars Norway at 16. 8 points.

Table 1

Place	Country	1	2	3	4	5	6	7	8	9	10	11	12	Integral
43	Russia	8	7.2	8	7	8	3.7	8.2	6.9	9.1	7.5	9	4.5	87.1
50	Belarus	9	5.1	5.5	3.5	8.5	6.3	9	7.5	7.3	6.8	8	8	84.5
53	Iran	6.5	8.7	6.9	5	7.5	3	8.1	6.1	9.1	8	8.8	6.3	84.0
57	China	8.5	5.1	8	6.6	9.2	4.5	8.5	7.3	9	5.5	8	2.3	82.5
60	Georgia	6	6.8	7.4	6.1	7	5.5	7.7	6.3	5.6	8.1	7.1	8.6	82.2
61	Azerbaijan	6	8.1	7.3	5	7.5	5.9	8.1	6.5	6	7	7.5	7	81.9
82	Turkey	7.2	6.1	7.3	5	8.6	4.1	6.1	5.7	5	6.4	6.9	6	74.4
86	Ukraine	7	3.8	7.2	7.5	7	4.5	7	5.5	5.9	3	7.5	7	72.9
89	Armenia	6	7.1	5	7	6	5.1	7	6.5	6	4.5	5.8	5.5	71.5
111	Estonia	5	5.1	4.5	4	5	3.5	5	4	3.7	2	5.9	3.3	51.0
128	USA	5	6	3	1	6	1.5	2.5	1	5	1	1.5	1	34.5
146	Norway	3	1.5	1	1	2	1.8	1	1	1.5	1	1	1	16.8

We have picked up for comparison a few large states, a number of post-Soviet republics and the countries of our region. As shown by the table, the readings of Armenia look better than the regional countries – Iran, Turkey, Azerbaijan and Georgia, and as better than Russia, Ukraine and Belarus. Despite the heavily promoted statement on Ukraine and Georgia being the most democratic in CIS, Armenia's figures on the 9th column (trampling individual rights) come

¹ See. <http://www.fundforpeace.org/web/index.php?option=comcontent&task=view&id=104&itenid=324>

very close behind. We shall return to this subject when we consider the Indexes of economic freedom. Note however that Armenia is far behind its neighbors in the number of disgruntled and vindictive groups (feature #2) which can be regarded as an important, though indirect, indication of individual rights.

Data show that most apprehension is caused by the demographic factor. It is not only about point 2 – the massive movement of refugees and displaced persons as the aftermath of war. A major problem is point 4: persistent and permanent displacement of people, in other words, migration.

It can certainly be asserted that migration is one of the features of the society being involved into the process of globalization, thus corroborating the adequate reaction of society to the opening opportunities. Besides, the resulting financial flows exercise positive effects upon the country's economic indications. However, the demographic depletion will sooner or later affect all domains of public life, this challenge leaving the Armenian political and intellectual elite with no adequate responses. Perhaps a radical solution should be sought within the framework of a properly organized repatriation¹. This situation may probably be remedied by the recently adopted law on dual citizenship.

It is interesting to note that on the criterion 12, i.e. on the level of impact by foreign powers or external factors, Armenia is far behind its regional neighbors, and even approaching Russia in this indication. This will enable the statement to be made that Armenia's sovereignty is not a formal but rather a substantive issue, i.e., Armenia shows an adequate response to the threat of becoming an object of global processes. This issue is a matter of principle and extensive meaning; we shall come back to it further on. Note in this connection that a high level of autonomy does not hinder the development of democratic freedoms, this somewhat trivial conclusion being illustrative of the following rating list of economic freedoms².

As follows from Table 2, on the Index of Economic freedom Armenia occupies a worthy 32nd place, next to Georgia. To be noted is a high index of the freedom of investment being at the level of Hong Kong, topping the rating list. The investitory activity is stipulated by Armenian Diaspora³ that in combination with the development of IT, makes up for a certain communicational isolation of Armenia⁴, IT being instrumental in reducing dependence on surface-to-surface lines of communication.

¹ See. проект закона о репатриации www.erkir.am.

² <http://www.heritage.org/research/tradeandforeignaid>.

³ Михаил Агаджанян, Диаспоральный ресурс Армении как «асимметричный» ответ на ее изоляцию, <http://www.noravank.am/?l=2&d=19>.

⁴ This situation is of course a serious economic challenge for Armenia, being at the same time an incentive for developing competitive small-capacity production.

Table 2

Economic Freedom Index 2006

№	States	Freedom of business	Freedom of trade	Monetary freedom	Freedom from government	Freedom of currency	Freedom of investment	Financial freedom	Property rights	Freedom from corruption	Freedom of labor
1	Hong Kong	87.3	100.0	95.6	89.4	93.1	90	90	90	80	93.6
4	USA	92.3	76.4	79.3	68.8	85	70	90	90	75	97.5
12	Estonia	82	77.4	89.2	65.4	84.6	90	90	70	60	50.4
32	Armenia	79.7	75.6	89.2	65.4	84.6	90	90	70	60	50.4
35	Georgia	70.9	62.6	96.0	92	75.2	50	70	30	20	81.2
83	Turkey	65.9	76.0	78.7	72.7	64.7	50	50	50	32	44.6
107	Azerbaijan	57.2	67.6	86.7	79.2	75.5	30	30	30	19	64.4
119	China	50.9	68	80	87.7	79.4	30	30	30	34	64.1
120	Russia	66.1	62.6	93.9	68.9	68.1	30	30	30	28	65.6
125	Ukraine	53.3	72.2	93.5	79.6	72.8	30	50	30	22	52.1
145	Belarus	53.9	62.2	85.9	46.4	49.8	30	30	30	33	64.2
150	Iran	56.6	50.4	85.7	59.6	60.4	10	10	10	29	61.5

The subject for concern is a high level of corruption. Curiously, a relatively high level of corruption does not impede investment, which is quite coincidental with the data by V.M.Sergeev and A.A.Kazantsev¹, whereby at a certain stage of development of the state, corruption will set the rules of the game which will eventually have a positive effect on the economic processes.

Thus, the position of Armenia in the rating lists quantitatively indicates that as a whole, the Armenian society has recovered from the revolutionary shock and is currently striving to occupy a proper place in the world community, while retaining its identity and autochthonism, sovereignty being its political manifestation. Meanwhile, it is being suggested that those two processes can often be incompatible.

¹ В. М. Сергеев, А. А. Казанцев. Сетевая динамика глобализации и типология "глобальных ворот", Полис, #2, с. 18, 2007.

2. *Sovereignty and Globalization*

Considering the modern political trends, the issue of sovereignty is extremely pressing. A certain segment of analytical writing shows a tendency to review the basic concepts of sovereignty¹. Some of those works may be servicing some geopolitical project called “The Unipolar World Order”. Verbally it is a tendency to level the mutually related concepts of national state and sovereignty, as formulated by an American high official alleging the national states to be sort of a satanic plot.

Many national states however enjoy only formal independence today. To determine the real status of those countries it would be appropriate to compare them with Soviet Republics or at best with the “Democracies” of the “Socialist camp”. This type of analogy, however, may not always be fitting: it would have never occurred to anyone in those years to name those countries independent, in contrast to the currently reigning political correctness. This type of ceding sovereignty by the states has an integrally negative effect on both the global and regional developments. We shall examine in this context a very up-to-date (for Armenia and CIS) study by V. Fedotova² and try to offer our own ideas on possible developments.

The cold war as a factor of retaining sovereignty and autochtonism. It is difficult to counter V.Fedotova stating in her article that “The countries of new Capitalism turned out to be autochthonic, using in contrast to the developed countries the economic machine of capitalism as a solely technical device and therefore retaining their cultural features”. The author further points out the two alternative developments of the situation thus indicated.

The first one involves retention of autochthonic mechanisms in terms of the neo-capitalist theories – the ideas of general good, preservation of moral values, etc. Under this scenario autochthonism and national ideologies would be quite harmonious with the vector of global development and would promote the universal goals.

Under the other scenario the weak autochthonic civilization mechanisms for protecting the national states not belonging to the concept of the “West” will trigger transformation of their national systems into something resembling the Western countries.

By no means excluding those developments, we shall offer several remarks

¹ See *Orrin C. Judd, Paul Driessen, Ramesh Ponnuru, Jeremy Rabkin and Norton Dunop*. “Redefining Sovereignty”, Heritage Lectures, April 10, 2007; <http://www.heritage.org/Research/WorldwideFreedom/hl1007.cfm>.

² *Валентина Федотова*, Второе дыхание Вестфальской системы, “Политический класс”, #4(28), с. 97, 2007.

in this connection.

The first scenario is like a follow-up on the traditions of the Russian political moral culture¹. This development is of course, the most comprehensive and desirable. Meanwhile, this scenario is somewhat Utopian, reminding of the idea of the total welfare. Meanwhile, the realities of the modern world do not yet offer reason for optimistic forecast, that harmonic age might come, if ever, in a very distant future. The first scenario leaves a very skeptical impression.

The second scenario also looks problematic, being not fully reflective of the new geopolitical, geo-economic and geoideological realities. It could have been efficient in a unipolar world order with the singular and principal center of power as the legislator of all civilization standards. This type of outcome should certainly not to be ruled out. There is however every reason to believe that the logic of unipolar International relations is under transformation, the world thus most probably being in a transient situation², with an already established dynamic balance between the unipolar and multipolar vectors³.

The current political horizon is, according to some analysts, reminiscent of what was during the first Cold War between the US and USSR⁴. The ongoing Cold War, in contrast to the previous one, is multipolar and is conducted using asymmetric methods. Another distinction of this new war is the current inter-civilization confrontation, rather than a struggle between two universal ideologies, the incentive for the geopolitical actors of this confrontation being assertion of their own sovereignty⁵. It is just the pursuit of autochthonism that is the driving force countering the so-called "hegemonism" by the US striving to generate a multipolar system. Within this contingency of development it is difficult to picture a global domination gradually ceding its positions of the Western model of Capitalism (using the nomenclature by V.Fedotova). Thus, the second scenario does not seem to be probable at all.

The abovementioned has prompted still another scenario suggesting retention of the autochthonism of national states not through a global reforming of the

¹ Similar concepts can be encountered in the fundamental works by Alexandr *Panarin*, see "Искушение глобализмом", "Русский Национальный Фонд, Москва, 2000.

² *Гагик Арутюнян*, "Переходное состояние: геоидеологический фактор в глобальных тенденциях", 21 Век, 2, с. 3, 2005.

³ *Cristopher Layne*, The Unipolar Illusion Revisited (The Coming End of the United States Unipolar Moment), International Security, Vol. 31, #2, p. 7 (Fall 2006).

⁴ See *Гагик Тер-Арутюнян*, «Холодная война-2 (с геоидеологической перспективой)», Голос Армении, 05. 12. 2003; *Гагик Арутюнян*, Многополярная Холодная война, 21 Век, 1(5), с. 11, 2007; *Влад Собелл*, «Психологические основы новой «холодной войны»», Johnson's Russia List, 22. 09. 2006, <http://www.inosmi.ru/stories/02/07/18/3106/230049.html>.

⁵ О глобальных сценариях развития см. Александр Неклесса, "Современная книга перемен", Политический класс, #3(27), с 89, 2007

current economic and social relations, but rather through confrontation and competition of differing national systems. Meanwhile, it is not in the least expedient that a specific object of International relations should be a large geopolitical actor: the tough cold-war competition is extended to the behavior of smaller geopolitical units. This type of process has already taken place; it will be displayed using the example of Armenia.

3. Resources of Adequacy

It is common knowledge that the principal asset of competitiveness and adequacy of a specific state in the global world is the general and particularly, political culture, rather than mineral resources or a favorable geopolitical location, as well as the experience accumulated by the elite and the society as a whole. The level of those resources is correlated with the concepts and projects generated by the intellectual community, as well as by the ability of the community to implement those concepts and projects. Examining in this way the achievements and failures of Armenia in 2006 will yield the following significant processes¹.

Foundation was laid for the conservative ideology of the ruling party and specific actions taken on structuring the interior political field²; a development was done of the “Strategy of National Security of Armenia”;

Those occurrences seem to be important through the following considerations. The statement that the First Cold War and the collapse of the Socialist Camp were followed by the triumph of the universal liberal democratic ideology is not true³. The concept of liberalism and democracy in many civilizations has very differing interpretations. As a result, there are many modified, synthesized, hybrid ideologies and economic concepts in the world harboring the liberal, Socialist and national values in different proportions. Among the countries that carried out such a successful synthesis, is China, combining the national, Communist-Socialist and liberal approaches within the ideological and economic spheres. The example of this developing power, as well as examples of other successful countries, US in the first place, suggest that the current global adequacy and com-

¹ We do not dwell here on the Laws (the Law on Election, etc.) adopted in 2006 that were crucial but not determining in further inner-political developments, since it is suggested that this lawmaking process rather showed the Armenian elite’s ability to compile the existing European legislative standards, rather than to create their own laws.

² <http://www.hhk.am/arm/index.php?page=program>.

³ Loyalty to the pure Communism is retained only by North Korea and Cuba, to a certain degree. Even China renounced “class struggle” and is building “a harmonic society” rejecting the Communist slogans. Neither is totalitarianism to be found in its pure form: the royal courts of the Orient maintain parliaments and other democratic institutions. It is remarkable that even US and GB, being partisans of pure and universal democracy and liberalism have borrowed some totalitarian elements from the formerly hostile Communist mode, and even acquired some ultranationalist hues in the ideological sphere.

patibility of countries are stipulated by their ability to generate and apply integral ideological systems containing both national (conservative) and universal (liberal and Socialist) components.

In this connection, the emergence in Armenia of a political force, viz.: the Republican Party, avowing conservatism as the party ideology, is to be seen as an initial, though important step towards a further generation of an ideological system that is integral and adequate to the outside world. Incidentally, with regard to the parliamentary election of 2007, some new parties emerged in the country, which were carriers of liberal ideology. To generate an ideological triade that would be integral and adequate to the outside world, it is necessary to create condition for origination of political forces of Socialist orientation. It is to be noted that of those functioning in the real political world (meaning primarily representation in the National Assembly of Armenia), the Socialist principles are proclaimed only by the party of Dashnaktsutun. However, the socialist character of this party is somewhat non-prioretal, it seems that the mission of this singular political networking organization is most probably the consolidation of all-Armenian national resources, the vast Armenian Diaspora in the first place.

To continue with this subject, it is appropriate to remind of the formulation that the national ideology is a focused concept of National security, and to retrieve the sub-section of the Strategy of National Security of Armenia¹, compiled with the participation of the country's intellectual community. It is suggested that the establishment of this concept is also a manifestation of adequacy to the challenges of the surrounding world. This document can elicit different reactions to its different positions, but it should be recognized that the resulting integral image of national interests is practically useful for all spheres of life, with suggested solutions and their realizations.

The document gives a very precise presentation of the vectors of the country's foreign policy. It is a recognized fact that despite being a small country, Armenia occupies a certain place in global politics. US, Russia, EU countries, Iran and Turkey regard Armenia to be within their spheres of national interests, to be joined by China in the near future. Besides, the region as a whole is inherently linked with Central Asia, the Near and the Middle East, which are the hot spots in today's military and political developments, so that the processes going on there are directly connected to Armenia. In this context, the Strategy of National Security supports the argumentation of two important principles: mutual complementation and involvement. This methodology is adequate to the logic of the

¹Стратегия национальной безопасности Армении, Ереван, Изд-во Амрас, 2007, also see <http://www.mil.am/security>.

global world and to the regional realities, enabling the constructive relationships to be built, to the measure of realistic capabilities, with the regional and global geopolitical players.

To be regarded as the most significant failure – in terms of the points enumerated – for 2006 is the inability of the intellectual society and the political elite to find optimal solutions on the development of the country's scientific system, the established situation should be evaluated as negative. It should be noted that science and intellectual resources mostly lie in the sphere of informational security, which is among the least developed in the concept of national security. It can be stated that the processes in this domain are more than inadequate to the challenges of the surrounding world, whereby the potential of a specific country is evaluated in concentrated knowledge, i.e. inasmuch as the society of a specific country is to be considered informational.

Meanwhile Armenia, having lost most of her erstwhile serious scientific and technological potential, managed to retain this sphere alive. E. g., during 2004 – 2006 Armenia's scientists published some 800 works in high-rating journals, according to National Academy of Sciences of Armenia, which is far in excess of the data on other countries of the region (110 – Georgia and 26 – Azerbaijan).

A partial compensation¹ of the current situation can be made available by relatively rapid development of IT. This domain should be addressed not only for achievements (including the interaction with state structures on education, for investment by the state in IT returns to budget in 7 years), but rather because of the attempt to comprehensively plan the models of development. The model designers² proceeded from the assumption that by 2010 US and GB will cede 885 200 jobs to third countries and that in 2006 – 2010 IT outsourcing will grow from \$130b. to \$185b.

With regard to those realities the specialists of the Armenian company EV Consulting offered three scenarios of the sphere "Software and Services": "Trap of Current Model"; "Maneuvering in a Certain Market Niche"; "Strategic Positioning".

The specialists of EV Consulting also developed three scenarios in the sphere of "Internet Services": "Digital Neglect", "Demolition of Barriers", and "Orientation to the Electronic Community"

A superpositioning of those models yield three possible models for Armenia in 2011.

¹ According to the study by G. Bayadyan (The Spread and Development of Modern Information and Communication technologies in Armenia. "Noravank", 2005, in Armenian, see also <http://www.noravank.am/?l=1&d=13>) This sphere cannot fully progress without developing the infrastructure of science and technology as a whole.

² Data have been taken from the study by Manuk Ergnyan (Ev Consulting) "Модель роста ИТ сферы Армении", see www.ev.am; www.noravank.am/?l=1&d=10&f=797.

Table 3

Indexes	As of 2006	Scenario 1 2011	Scenario 2 2011	Scenario 3 2011
Gross revenue of industry, USD	71m	115m	171m	248m
Annual ave growth 2006-2011		10%	19%	28%
No. of companies	150	172	205	224
Annual ave growth 2006-2011		3%	6%	8%
Labor	4 156	7 201	8 037	9 506
Annual ave growth 2006-2011		12%	14%	18%
Taxes, USD	12m	26m	33m	42m
Annual ave growth 2006-2011		17%	23%	29%
Efficiency, USD	17 140	15 900	21 300	26 100

As follows from the data presented, this sphere looks promising and realistic; Suffice to note that the current IT labor force is in excess of all optimistic forecasts made within the project Armenia-2020¹. It is hoped that IT will remain the prime mover for the science and technology infrastructure as a whole and will make Armenia's position more adequate in this crucial domain. It is to be suggested that the hi-tech domain may become for the Armenian society a singular assymmetric virtual gate into the global world.

Some indicators show positive displacement in the Armenian society. As corroborated by the International organizations, the country observes the democratic principles while raising the level of sovereignty as a whole. These tendencies show an augmented adequacy of the society to the global environment. There are ongoing processes on generating the optimal ideological triade and a complex concept of national security. Developments of this trend are an additional indication of adequate responses to the interior and foreign challenges. The basic problems having up to now failed to get comprehensive solutions are the demographic situation in the country and the unfavorable situation is science and hi tech. A possible solution of the former might be an arrangement of repatriation. The latter problem could be resolved by developing IT which has shown certain success. 4. All the noted processes as a whole are at the initial stage of development, being though an indication of the transient period not quite fully completed but rather nearing an end.

September, 2007

¹ Армения 2020, Ереван 2003.