

Development as State-Building
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Abstract

This is largely a prescriptive essay and addresses the question of development in Armenia. It attempts to clarify the fundamental implications of development and their close connection to the state-building process. The central argument is that development and state-building in Armenia are mutually complementary policy issues. They largely depend not only on how the broader regional situation evolves, but more directly, on its inward-looking political and socio-economic policies. Since its independence in 1991, Armenia's development challenges seem to be inherently ingrained within the country more than in regional politics. Noteworthy are government policies that have been insufficient to address and meet infrastructural needs and have not adequately fostered legitimate and sustainable institutions that can be responsive to the well-being of the people. The newly established parliamentary system seems to launch a new dimension and a more responsive institution with a promise to move in the direction of an endogenous and inward-oriented state-building model. More importantly, the concept of human development is also entailed in this model. This is a challenging but a fundamental concept for Armenia and embraces diverse paths and incorporates different aspects of human life. It goes beyond the scope of economic development and aims at the social conditions of human beings as the main goal of development.

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Introduction

The study of state-society relationship in the last few decades has become an effective dimension in the general debate over the issue of state-building and development.¹ It underlines the need to explain the politics of development in the state-building process closely embedded in the local economic and socio-political milieu and explores the inherent links between the state and society. In order to envision Armenia as a developing state and explore the relations between its principal institutions (courts, treasury, legislative, executive, banks and other financial institutions) and society in general, the endogenous institutional approach is in order here. Notably and unlike the European states which created and advanced the modern state concept, Armenia does not have a long history of independent statehood. However, an explanation of the current relationship between the state institutions and society sheds some light on the politics of development and state-building in the country since its independence in 1991.

In this institutional dimension, and arguing that development has been most successful endogenously, many authors explain the intent of states to break free from external powers since the process has not been facilitated by them. This approach circumvents the issue of international intervention or the role of intervening actors because they can only play a limited role in facilitating the process of development and state-building. It is largely argued that external actors simply recreate autocratic systems of political hierarchy and focus on the implications of meeting their own needs rather than the needs of the local people.² Thus, Armenian society's relations with political, economic, and social institutions within the country would provide a more genuine explanation about its development process.

The primary concern in this essay is to explore the development process in Armenia tailored to the local context. The emphasis is the priority of endogenous development in the state-building strategy as the best approach for Armenia to sustain itself. An important consideration is the inherent links between the state and society and how each impacts on the other. Thus, the process of development is also deliberated as a state-building process closely engrained in the socio-political setting of the country.

Notably, the literature on state-building has been largely driven by many aspects of development politics. Mainstream development activities, such as civil service reform, tax reform, infrastructural development, political party competition and democratization in general have been akin to state-building activities.³ Stated succinctly, state-building and people-oriented development processes are treated as complementary activities and underpin one another.

An overview of the literature on the concept of development will ordinarily comprise economic, political, cultural, and social activities.⁴ As this article focuses on the endogenous and development-oriented state-building model, the prevalent development framework it entails is the concept of human development. This concept embraces diverse paths and incorporates different aspects of human life. It goes beyond the scope of economic development and aims at the social conditions of human beings as the main goal of development. As economist Amartya Sen has articulated, the human development theory essentially aims to create and develop opportunities for the creative realization of the human being, eventually to expand human freedoms.⁵ Increased opportunities for creative realization, in turn, reinforces the general ambiance of expanded freedom of the human being.

This innovative concept of development evokes the creation and promotion of “an atmosphere in which human potential can grow and freedom of choice can be safeguarded.”⁶ It further implies the continuous improvement of education system and the creative capabilities of humans as an indication of progress and achievement in the country. In this context and with limited role for external actors, development efforts in Armenia essentially appeal to policy instigations from within the country.

The Geopolitical Context

Over two and a half decades ago, a remarkable occasion to experiment state-building was launched in Armenia and fundamentally changed the political fate of its people. The collapse of the Soviet Union was the critical juncture that created this opportunity for Armenia to develop itself as an independent state. Notably, elements of development and state institutions appear on a very small scale and largely ineffective relative to those of modern nation-states. Armenia today is a small country in a troubled region, economically impoverished but determined to meet its destiny on the basis of territorial integrity, democratic values, inclusive nationalism, institutionalism, and diasporism. Since its independence in 1991, Armenia has claimed to stand for firm opposition to confrontation with neighbors, national self-determination for Armenians in the adjacent Artsakh (Nagorno Karabakh) and simultaneously demonstrating its willingness to contribute to the maintenance and expansion of peace and security in the South Caucasus.⁷

Armenia is Russia’s “near abroad,” part of its traditional sphere of influence. This is most certainly a concern but, after all, the modern Armenian state was born in Soviet fragments. As a remnant of the Soviet Union, Armenia took the form of a nation state after passing through seven decades of coercive, monolithic, and elitist rule. Whereas state formation in general takes centuries to develop, Armenia, like the other South Caucasian states of Georgia and Azerbaijan, was abruptly created by the eventual outcome of Soviet collapse and inherited many of its state apparatus as well as the unsettled interstate border lines.

Armenia is also concerned about Turkey's continuing support to Azerbaijan and its growing military assistance to the country. Turkey has relentlessly expressed its unwavering support for Azerbaijan regarding Nagorno Karabakh. It seems unlikely that Armenia will achieve a significant breakthrough in border conflict with Turkey in near future. Less contentious is the northern border with Georgia and there is a growing economic relations with Iran in the south.

The main thesis of the Armenian political development is predicated against all odds of the South Caucasian location and historical connection. As Tracey German has stated, states in the region have not been able to balance their relations and move towards establishing multiple socio-economic alliances to maintain the balance of power in their region.⁸ Historically rooted political conflicts have thwarted the efforts in the region to find ways to balance the relationships of the states, or create alliances for optimal interdependence on the regional stage.

These geopolitical challenges notwithstanding, Armenia for the last two decades or so, has experienced significant economic, political, and social transformations. IMF, for example, has indicated that, despite some fluctuation, the country has shown slow but steady economic growth.⁹ The civil society sector, on the other hand, began to develop after its independence and a large number of groups were successful in mobilizing public support for various causes, such as, environmental protection, human rights, women's rights, and humanitarian aid. These groups and their causes signify a testimony to the power and resilience of the Armenian youth to face the challenges within the society and advance the process of democracy.

Inherent developmental challenges largely stem from the oligarchic tradition. There is an ostensibly ongoing moral decline in society, where rich, well-connected elites seem to run over ordinary Armenians' rights. For the people of Armenia the transition from Soviet patronage to post-Soviet citizen of an almost autocratic state was overwhelming. Since its independence in 1991, little consideration was given to people's economic and political aspirations. As a consequence, moral decay in society and large numbers of emigration have become pervasive occurrences.

Independence and Post-Soviet Order

The political and economic institutions in Armenia do not yet function to sustain development, nor is the infrastructure designed to serve the public. The Soviet legacy created political elites that were drawn primarily from the classes of monolithic political notables followed by post-Soviet monopolizing neoliberals. The predicament of the ordinary people remained waning. After freeing themselves from the shackles of the Soviet system, the Armenian people were not able to make a clear transition to a political system of representative governance. Democratic institutionalization in the midst of flawed neoliberal policies proved difficult. In addition to the challenges of internal transformation, Armenia was also burdened with the external pressure of interference and war.

Armenia and the Armenian Diaspora (two-thirds of Armenians live outside the country) have not been able to cohere as a strong, institutionalized, and developing national entity. This has been largely due to the role played by the elitist powers that have manipulated the political orientation of the liberalized national system in favor of their own vested interests.

As many investigative reporters have indicated, the plutocratic control has been maintained and has shown no inclination to infrastructural improvements, inclusive economic reform, and political socialization.¹⁰ In spite of many transformations, the country remained far from being able to crystallize into an internally dynamic and cohesive entity, or stand as a politically and economically institutionalized and developing country.

What Armenia's independence has shown to its populace is that developing inclusive state institutions is a founding political discourse that allows the country to establish itself. Notably, perennial concepts of participation, freedom and justice have sparked some political discourse without, however, setting the foundation for political institutionalization and infrastructural development. Subsequently, participation of all sectors of society in political process has been dwindled despite its apparent significance as a key element of development.

Like many other developing countries, Armenia's economic growth in the last twenty five years or so has been limited and has not been matched by development of its infrastructure and by institutional competence of its governance structure. Armenia's growth story has not yet translated into a functioning liberal democracy generally expected by the populace and envisioned by the country's large number of NGOs and civil society groups. This certainly has caused great social and political stress that Armenia has to contend with, even more now and after establishing the parliamentary system in 2016 than during the first two and a half decades after its independence. What seems to be a primary concern for the people at the present juncture is the increased prospect of development, or governance in which the state will have to play a more conducive role in the politics of development informed by common values and not vested plutocratic interests. Such government approach does ultimately contribute to establishing adequate and inclusive socio-political and economic institutions leading to a far more consensual public and a just governing system.

Moreover, like other developing countries Armenia's stability also seems to be largely influenced by its socio-economic development more than its economic growth.¹¹ This would require major structural reforms to use the benefits derived from economic growth to eliminate poverty, improve educational, social, and health services and reverse the trend of the country's diminishing population.

Notably, Armenia has a long tradition of excellence in education, scientific and technical development.¹² The country has established various types of science and technology (S&T)

institutions reminiscent to modern economies. However, these institutions are also struggling with inadequate financial resources and with little evidence of impacts they are making on reduction of unemployment, development, as well as on promotion of human rights and democracy. The academic institutions and the S&T tradition in post-Soviet Armenia have yet to correlate education with important national or economic objectives such as poverty reduction, social services, exploitation of the natural resources, and the country's development strategy in general.

There seems to be a well-established correlation between education, on the one hand, and democratic development, or inclusive political as well as economic institutions on the other. Some of the most recent evidence seems to confirm and probably strengthen what Martin Lipset has argued:

“Education presumably broadens men's outlooks, enables them to understand the need for norms of tolerance, restrains them from adhering to extremist and monistic doctrines, and increases their capacities to make rational electoral choices [...] if we cannot say that a ‘high level of education is a sufficient condition for democracy, the available evidence does suggest that it comes close to being a necessary condition.’”¹³

Overall, for a small and landlocked country like Armenia, development policies seem to be highly contingent upon its advanced education, innovation, and infrastructure. Indeed, a holistic view of regional security and the changing demands of political and economic environment suggest that the country is under constant regional pressure to account for both threats and opportunities. However, regional security notwithstanding, an inward-looking strategy to be built on institutional as well as innovative and infrastructural elements of development seems to be more viable for the country. Two inward-looking interpretations of development are considered below.

The Elitist View

There seems to be an uneasy relationship between the government and society in Armenia. Surveys conducted by Caucasian Barometer, for example, indicate that people, in general, tend to regard the government largely non-benevolent and non-efficient in public policy and in development of the country.¹⁴ What explains this relationship and the ensuing negligence in politics of development since independence in 1991? What are the dynamics of development and what might be their implications for the future of the Armenian politics? These and similar questions explore the prospective role of the government in building the country and, in turn, the extent of influence the public tries to exercise.

It is generally observed that the democratic development of the Armenian society is dubious. There is a noticeable absence of a republic characterized by dispersal of power among the public

that elects and holds the key leaders accountable. The essence of the current Armenian politics does not hinge on a pluralistic view, or multiplicity of opinions. Instead, there is a highly centralized and elitist policymaking process. Power is concentrated among economic and political elites who represent a small segment of the society, largely share similar neoliberal values and beliefs, and dominate the political and policymaking process.

This elitist view of society in Armenia depicts the existence of power elite that controls decision making and whose interests are served in the policymaking process. It also suggests that class elitism is closely entwined with institutional elitism in the country. The term “class elitism” here accounts for the class differences and the disproportionate amount of economic and political power that resides with the upper class in Armenian society and government. The “institutional elitism” focuses on how economic and political elites occupy and dominate positions of decision-making within key institutions throughout society and government and extract resources. Whether the focus is on the prevailing class or the prevailing institutions, the general public exercises little or no real influence within the political system that is essentially elitist in nature.

Not surprisingly, in the muddled post-Soviet era, a disproportionate amount of power rests with the leaders of businesses and government institutions. These leaders share a common post-Soviet socialization experiences, same neoliberal beliefs, and opportunity driven economic interactions. Not only does the general public exercise little influence over economic and government institutions, but these institutions, in turn, simply respond to the wishes of the elites.

An elitist interpretation of Armenian politics, however, does not nullify the democratic principles embodied in the Constitution. The fundamental or constitutional rights of individuals, parties, and organizations in the society are defined in the Constitution and have been extended in a variety of other legislations. Notably, Chapter 2 of the Constitution enumerates the fundamental civil rights and liberties in articles 23 to 81.

It is true that political and economic elites do not refute democracy, however, with the rise of close association between businesses and government on the one hand, and an increasingly submissive mass society on the other, Armenia has steadily been branded as an authoritative, or an increasingly elitist political system hindering the development process. Since its independence, the country has been merged into a pervasive course of “the enlargement and the centralization of the means of power – in economic, in political, and in military institutions.”¹⁵

A general overview of the Armenian society would, consequently, include three broadly stratified segments: first, a large and an apathetic mass society at the bottom; second, a somewhat involved youth, organized interest groups, or a large number of NGOs and a plurality of party politics significantly active in the society at the middle; and third, an elitist politicians dominated by business ownership, top government officials, and the association of the two, operating within the largely shared neoliberal beliefs at the highest levels of power.

Notable change efforts in the society are underway in order to move the country from a highly centralized power structure to a more pluralistic and inclusive system. Popular movements, such as the Sassna Dzerer, the “Pre-Parliament,” or No to Robbery, have challenged the established elitist status quo and predicated a genuine democratic practice. There is also a large number of NGOs that seem to promise drastic systemic transformation and, notably, mobilize the youth for change.

As many observers and activists point out, if in fact Armenia will transform into a genuine democratic system, then, the plurality of society should prevail in its politics. Amidst the state development and political practices, the proponents of pluralist view of Armenian politics have suggested and accomplished the formation of a multiparty parliamentary democracy to replace the presidential one.¹⁶ After the election of the new parliament, early in April 2017, the implementation of the parliamentary system is thought to be a huge leap forward against the economic elite and the oligarchs, who continue to plunder the nation and use state institutions to control the development process and largely coerce the population into submission.

The Pluralist View

The essential element in understanding the pluralist nature of the Armenian society is the existence of multiple factions of social forces and organized groups. The general public consists of many social, political, and economic groups operating in different spheres of life. They represent multiple objectives and views and compete for influence throughout society and the government.

This status of pluralism in Armenia evidently points out the significance of a parliamentary form of democratic politics.¹⁷ It suggests that sovereignty could be vested in people and exercised by them either directly or through representatives chosen by them. To decentralize authority and to diversify influence among various organized groups largely entails the parliamentary form of democratic practice in which collective and individual rights do not succumb to centralized authority. This, in turn, can give rise to a constant dynamic relationship between the public and political elites. Notably, parliamentary democratic system is newly adopted in Armenia despite the constitutionally established multiparty system.¹⁸ In principle, it is likely that a large number of socio-economic and political organizations can simply help “tame power to secure the consent of all”¹⁹ and shape an institutionalized pluralist political system in the country.

Moreover, institutions of the state, suggested in many classic studies, are likely to be more stable in a pluralist society. Effective participation could be enhanced in a multi-organizational setting and provide a conducive environment to the interests of the people. In contrast, in a ‘mass society’ and in the absence of diverse groups and interests, there is the risk of autocratic and oligarchic type of domination.²⁰ The mass or homogenized society is vulnerable to political control, destructive of democratic institutions, and invites authoritarian rule. For the integrity and

stability of the Armenian political culture, or any civilization for that matter, there needs to be “functionally significant and psychologically meaningful groups and associations” functioning between the individual and the greater values of the society at large.²¹ The mass behavior of society in Armenia has been frequently reported and criticized in consecutive parliamentary and presidential elections where people voted but hardly expressed their free will.

Ordinarily, a pluralist political system is founded on the existence of competing groups representing diverse views. In this system, the necessity to form coalitions across a number of groups and institutions stems from the tendency to compromise and produce small and incremental reforms that are essential to development and avoid abrupt or coercive policies. The need to involve and placate all groups and interests means that only rarely can there be more than minor changes if the policy change is to be successful.²² An established pattern of incremental reform is likely to provide stability and limit the errors that might result from more hasty shifts in policy. A pluralist government, thus, suggests steady reform process and development through incremental change and contributes to stability.

This is important for Armenia, because the abrupt rise of unorganized and mass society in the post-Soviet era promoted too much neo-liberal freedom and too much potential for hasty change with limited order. The abrupt transition from controlled to free economy did not allow the institutionalization of a functioning democratic system. After all, the emerging and competing groups representing diverse interests are likely to create the barriers between the political leadership and the mass public that were essential to prevent the rise of oligarchic monopoly. Ostensibly, a system of political pluralism in the country contributes to gradual reform and promotes a balance between the demands of civil liberties, economic freedom, and order.

It is true that the basic policy characteristics of incremental reform is generally acceptable for stability,²³ but notably, in some fundamental areas such as housing, affordable utilities, social welfare, livable wages, health care, and easy transportation, most Armenians have expressed their desire for significant and drastic changes from the status quo. The existing public policies, however, appear to produce little if any of the desired changes. The significant divide between the elite and the public seems to have made change increasingly difficult.

Elements of Development and Institutionalization

For a long term development strategy constructed on a pluralist perspective, it seems necessary to look at the key and familiar elements of development in the state-building process and institutionalization that are pertinent to Armenia. These are fundamental political elements, such as national identity, government legitimacy, infrastructure, civic duty or participation, equitable distribution of the wealth, human and natural resources, etc. All these elements open up new research areas as well as new policy agenda that are yet to be adequately and thoroughly addressed in the academic environment and government institutions in the country. As

challenging areas in the state of Armenian affairs, they also beg for clear policies to be devised and effectively implemented.

Among the many component elements of development, this essay will focus on two fundamental ones that are prioritized here and are directly relevant to the current Armenian political juncture: 1) Government Legitimacy and 2) Infrastructure. Generally speaking, there seems to be a fundamental correlation between a well-established and developed society and these two key elements. They persist to be crucial research areas and discussions in Armenia to understand its state of development and politics. A general overview here can shed some light on the essential role these elements play for a well-organized and developing society.

1. Government legitimacy

Government legitimacy is rendered as a key element of development. It implies a responsive government to the general will, protects the plurality of the society, promotes human rights protection, and upholds high standards of judicial ethics, rule of law and participation. The challenge is to reduce the power of monopolies and establish responsive institutions in attempt to regulate economic centralization and improve accountability. Accessibility to the government institutions seems to be clear legitimizing factor that increases citizen participation in the political process and bolsters civil society. Independent media and enhanced access to information also become the defining tools of institutionalized legitimacy. This further implies political stability to ensure fair and honest elections as well as enhanced government capacity to govern justly and democratically.

However, negative reports in Armenia abound. In a recent report by the International Crisis Group it was pointed out that the vast majority of Armenians regard the government of Armenia as inappropriate to govern the country. “Armenian society sank into despondency after the April [2017] escalation, losing trust in its leadership’s ability to protect [the country] or population.”²⁴ The policies and actions of the government are looked at as more coercive than authoritative. They are not carried out in accordance with the processes established in the Constitution or by procedures derived from them. Chapter 1 of the Constitution, for example, claims the Republic of Armenia to be a sovereign, democratic state... governed by the rule of law. But these seem to be hardly valid and acting provisions today and the country has an apathetic attitude toward the Constitution.

In an interview to Civilnet news outlet, a prominent intellectual and resident of Karvajar region bordering Azerbaijan, Alexander Kananian blames the administration for the stagnant state-building process (May 7, 2016) . Popular apathy largely comes from the realization that the constitutional norms have not established standards of behavior in the government. Institutions of government have breached the rule of law and have thus lost their popular support and

legitimacy. A general decline in confidence in the Armenian government has been a recurring theme, and it has been especially pronounced for government institutions, often including the military.

Notably, the military elite has been closely intertwined with the economic and political elites in the country. In the midst of arms race and a state of war with Azerbaijan over Nagorno Karabagh, Armenia became an increasingly militarized society in terms of expenditure and personnel.²⁵ It is identified as the third most militarized and a strong armed state in proportion to its population. With the existing nation-army plan, the society increased its dependence on the institution of the military and ultimately legitimized its role in defending the country.

Legitimacy, in general, implies the widely accepted notion that the government is able to politically manage conflict. Legitimacy, in other words, is a key feature that requires constant improvement of the public governance system. It is an effective element of development in the process of state building in which people regard the government as a genuine expression of their interests. The ideal situation of government legitimacy is in the vertical integration of the popular will into government institutions and hence the rising popular consent with the state apparatus and legality.

There is recurrent evidence, however, that the faith and trust of the Armenian people in government is in constant decline as a reflection to the oligarchic rule, inadequate implementation of the rule of law, excesses of environmental abuse, emigration and so forth. Distrust and elitism have hampered the Armenian government's legitimacy.²⁶ It is a clear system of plutocracy – rule by the rich – which explains the significant concentration of power in the country. The immense material and vocational resources are held by self-perpetuating groups of affluent business owners who are nonresponsive to the plight of the people. Establishing legitimacy has been much more problematic than winning the independence.

As government faces the challenges of legitimacy, its ability to formulate and implement public policy remains ineffective, pushing it toward more authoritarian intervention and control and, eventually, to an accelerated downward spiral of legitimate rule.

Many observations and studies point to the likelihood that the general decline in confidence in government institutions can be reversed through the legislative process.²⁷ This can be true for Armenia especially in the light of the new parliamentary system, through the administrative process designed for the issuing of regulations, through the courts, and through mechanisms of legitimate democratic function.

In fact, a significant political transformation in Armenia was the election of the new parliament early in April 2017. Whether the new parliament will be able to recreate itself as an effective political institution largely depends on how it addresses the mounting instability in the economic

lives of the people. This is a political moment in Armenia that seems to present new opportunities for similar transformation in the economic area (health care, jobs, loans, insurance, financial security, etc.). People will be directly affected by laws that touch their business innovations, their jobs, and their income. This is also a moment to introduce laws that will enable the enterprising individuals, both in Armenia and the Diaspora, to disrupt, or even diminish altogether the wealth and economic monopoly of the established elites and open up the path for economic development.

The challenge in this moment is to expand into new dimensions of public policy that will make a difference in the daily lives of ordinary people. These dimensions are inherently economic as well as socio-political, and the policy choices that the new parliament is expected to make will primarily address public needs and clarify the institutions through which the function and the implementation of these policies will take place.

In the current post-parliamentary election era the challenge is to clarify the role and the actors who are involved in making public policy choices as well as clarify the linkages among all the policy implementation stages. An effective parliament will point at all the responsibilities in the process of public policy as well as explain policy outcomes. So, it is important for the new parliament to look at policy-making and policy implementation stages in Armenia and clarify the tasks undertaken in each stage.

The problems have long been identified, such as inefficiency, low implementation, or oligarchic monopoly. At this moment, it sounds logical for a developing country like Armenia to proceed through a series of steps beginning with clear policy choices, legislation and legitimation, implementation and evaluation. The smooth functioning of this process seems to be difficult in Armenia considering the absence of institutional experience and the existence of conflicts and personalized interruptions at each stage. Thus, the effectiveness of the new parliament will largely depend on how it overcomes the existing institutional as well as procedural conflicts.

For example, to renovate collapsing houses, or to improve the conditions of gas, water, and sewerage systems, the local or lower level officials may transform the policy based on their funding needs and interests. Individuals and institutions that are involved in implementing such policies, through their imprecise functions often blur the distinction between policy and implementation stages all the way from the parliament to the streets. This is the moment in which an effective parliament clarifies both individual and institutional accountabilities and establishes efficient policy processes to save Armenia from perpetual underdevelopment.

An important approach for political development is to conceptualize and to define the role of all political and economic institutions closely connected to the infrastructural needs that will improve the living conditions. The idea is that institutions are crucial for development so that the infrastructure will not be neglected or remain dysfunctional. The emphasis is on the clarity of the

institutions and the way they shape the response to the utilitarian functions of public policies. After all, a legitimate parliament is directly connected to the public-oriented or inclusive institutional norms (such as responsiveness, development, services, and creativity), and the way it carries responsibilities follows the utilitarian outcome of the policies.

Ideally, the new parliament will have to advance the much needed institutional culture in Armenia. The members of the parliament, for example, will have to shape policies with public orientation and infrastructural value. This institutional thinking assumes that public policy will be motivated by internal developmental logic in which the parliamentarians will play the most important role.

Policy making will, of course, come through clashes of ideas. However, decisions will be shaped and supported by the coalition of parliamentarians only to reflect public good and development. It is normal to have different sets of perception and ideas even within the same coalition, say the ARF and the Republican Party, or YELK and the Dzaroukian faction. Disagreements and discussions will emerge over the need to create new policies. However, in the development of new policies the contending parties will bargain over issues and options that will primarily serve the public.

The primary concern at the present juncture is to see the stability and the development policies in Armenia tailored to the infrastructure, or the local context. The emphasis is the priority of endogenous development strategy as the best approach for Armenia to sustain itself. In this context, an important consideration is the inherent links between the institutions (legislative, bureaucratic, financial) and society and how each impacts the other. Thus, the process of policy-making will be deliberated as a development process closely engrained in the infrastructural conditions of the country.

The new parliament seems to present a critical juncture in the Armenian political development and advance the state building process by eliminating poverty and reverse the trend of declining demography. Poverty and emigration in Armenia exist not because the country does not have enough natural resources, not because it is blockaded, not because Armenians are averse to technology and innovations, nor they are ignorant about economic investments and growth. Armenia remains poor and the demography declines because it lacks well-established political and economic institutions with highly elaborate structures. Armenia remains underdeveloped because of its dysfunctional institutions and infrastructure. The income of an average Armenian is about one-fifteenth that of an average citizen in Belgium, a country that has the same geographic size as Armenia and a population of 11 million. Belgium's GDP is 20 times that of Armenia's. There are over 154,000 km of paved roads in Belgium. Armenia has some 7,000 km of paved or semi-paved roads.

More than twenty five years have passed since the independence and the country has not taken the path of development. Power absolutism has prevented free exercise of political and economic rights and has hindered development. It is not that people in Armenia are denied commercial or political freedom, but the attitude of the economic and political leaders provided that this freedom is under their control. Hence, the primary barrier to development is the absence of legitimate and functioning inclusive institutions that would provide a high degree of law and order and would contribute to the establishment of a comfortable standard of living. Stated succinctly, the consequence of power absolutism led to limited economic and political freedom of the people and diminished government legitimacy.

2. Infrastructure

When people walk or drive on roads with potholes, do not enjoy public or private toilets, electricity, and running cold or hot water in their houses, or do not have a government that provides basic services, such as health care, paved roads, education, and law and order, then it is less likely for citizens to show faith in government, have free and fair elections, or have any input in the political direction their country will take.

On the other hand, when people have access to basic utilities and enjoy comfortable living, it becomes easier for them to organize assemblies, publish their opinion, and get politically active. Infrastructure appears as the basic element of development, as well as an element to advance human rights and freedom. The assumption is clear, poor and dysfunctional infrastructure suggests having negative consequences on participation, education, economic success and development. Stated differently, infrastructural rights are closely correlated with political rights.

Political participation for the Zakaryan family, a story from Hetq online news, for example, has been untenable since they have no access to adequate private or public facilities. The family lives in a Soviet-era metal trailer in Aknashen, a village in Armenia's Armavir Province. Armen Zakaryan is the father of six and makes a living transporting fruit and vegetables to the nearby Etchmiadzin market for sale. His work day has started at 6:30am. The produce he sells is usually that grown by fellow Aknashen villagers and his own. Some days the harvest has been good and he has made 2,000 – 3,000 drams. Other days he returned with no money. The three beds for six kids barely fit in the trailer. Three kids share one bed and the other three, the other bed. When it rains, water drips from the roof and Armen's wife, Elmira, gets out the buckets and pans to catch the water. During the summer, the trailer is like an oven.

Elmira has confessed that they get by, although sometimes they haven't had anything to eat. This was usually when Armen got sick and could not go to work. Elmira husband gets periodic back spasms. "They get so bad that he can't move." The family grows tomatoes in the nearby plot for an annual income of 15,000 drams. They also receive a monthly allowance of 61,000 drams for the children. (Hetq, October 8, 2015)

Participation in politics for the Zakaryan family is not just democracy in terms of voting or getting involved in NGOs, political parties, or interest groups. It entails a working infrastructure which, in turn, implies construction and reconstruction of houses, urban and rural roads, implementation of the drinking water projects, labor law reform, school reconstruction and curriculum, an overhaul of the health care system, modernization and efficiency of the irrigation system, all to restore a healthy economy that would put people to work. As a natural part of democratic politics, infrastructural development emerges as the founding element of socio-economic and political participation.

Policies benevolent to the public are primarily guided by infrastructural improvements and encourage participation. The desire to participate and influence government decisions, in turn, is likely to produce a tendency toward local control and decentralized decision-making. Although, people in Armenia, in general, tend to regard the local governments and NGOs largely non-benevolent and non-efficient in public policy,²⁸ however, in many policy areas, such as environmental protection and utility prices, local participation has become benign and beneficial. Activism in support of Trchkan Waterfall, Kacharan villages, Teghut Forest, Mashdots Park, or mass protest called Electric Yerevan, for example, all energized by local participation and with significant media coverage received a wide public resonance.

Involvement of population in public or non-profit activities, in general, has been low. The involvement rate in some 4000 NGOs active in Armenia, for example, constitutes about 3 percent and only about 6 percent has attended any public meeting. Also, if employment is used as a barometer for economic participation, then 56 percent of the population either by predicament or by choice is not involved. Notably, about 70 percent of the unemployed do not look for a job.²⁹ Caucasus Barometer has also found that over 57 percent of the people have never taken out a loan nor had a debt or a line of credit, including instant credit, of more than \$100. Interestingly, about 70 percent believe that people should participate in protest actions against the government.

If participation is a natural characteristic of development and democratic politics, then the right and desire of citizens to shape public policy remain the driving political force and become the primary attributes to influence government decisions. Notably, ideas about participation in Armenia have a strand of plurality, or the belief that large number of organizations and parties are conducive and reflective to the interests of the people. But, decline in infrastructural facilities seems to be followed by decline in political rights. Remarkably, both political and economic institutions in Armenia do not seem inclined to eliminate housing poverty and improve housing conditions of families with low income and enhance their political participation. For the poor, there seems to be negligence in adequate construction, maintenance, and management systems.

About half of the population in Armenia lives in apartments that are in deplorable condition and continue to deteriorate.³⁰ Thus, the main challenge is to build and develop sufficient energy insulation (roofs, windows, and walls), improve condition of the gas, water and sewerage systems, hygienic conditions of bathrooms and kitchens, and access to drinking water.

To meet the basic infrastructural needs of the people also leads into meeting their basic socio-economic and political needs. After all, the simple and the daily life of the ordinary citizens is also their politics. For them, elections, coalitions, or diplomatic relations are detached from their daily living conditions and relations. Politics for many low income families is to heat their houses with wood or whatever they find because they have no heating system with natural gas. The economic institutions have yet to respond to this basic need. That is, work with low-income families to build, renovate or improve homes that can be paid for over time by affordable loans. Economic or microfinance institutions remain the source of micro-loans for families to finance home repairs, improve their water, gas, and sanitation conditions, and advance development in general. This in turn builds self-resilience, improves social well-being, and more freedom in the area of political participation.

Gond is the poorest district in Yerevan. Gohar Khachatryan, another story from Hetq online news, with her four underage children has lived in Gond at a collapsing house. Their house was comprised of three rooms, hardly fit for living. The kitchen and the bathroom were broken down. They had no telephone and no drinking water. Gohar has also built the two parts of the walls of the ruined toilet and a habitable room on her own and sheltered her children there. The room was heated with a wood oven. Gohar has managed to fix some waterproof material on the cracks of the walls to prevent the rain and the snow falling into the house. She has hung a thick blanket on the window to protect the room from the wind. Now they are deprived of the sunlight, but the children sleep under that window.

Gohar has applied to the district authorities many times, asked some construction material to fix the walls of the house, but nobody has paid any attention. ‘Nobody helps us. They say it’s not their business. My mother’s working as a cleaner and gets 2.000 drams (\$ 5) every other day, but who can survive on that money? Our daily food is pilav or something similar. What can we buy on 2.000 drams (\$ 5) to feed 4 underage children! I receive only 41.000 drams (\$ 106) allowance, and pay the debts to the shop as soon as I get the money. The children wake up every morning and want to eat and I buy the cheapest food. I have debts for the electricity but cannot pay them. They turn it off all the time. The children do not have clothes and shoes suitable for this weather. They wear autumn garments. In summer it is easier to find something to put on them, but in winter it’s really serious. Everything’s so expensive. No means to buy clothes. They have neither coats, nor warm boots. They wear what they have and catch cold.’

The husband is not living with them. He left Armenia to earn money but hasn’t ever sent a dram to the family, saying he hasn’t found any job. ‘When he was here, it was hard again, but we

managed somehow make ends meet. My husband had no mother, no father, no sister or brother, and he wanted to have many children, but who could guess everything would turn out like this and we wouldn't have a place to live in or to go to. I really want to work but how can I leave my young children and work. Who'll take care of them? No one will look after them and our conditions are not safe. My children have become unsociable and are not much self-organized. They also feel uneasy about our problems.' (Hetq, December 29, 2011)

For the poor in Armenia, the infrastructure is nonexistent, or fragile and shoddy. The government does not portray enough ability nor designs adequate public policy to cope with the high need of shelter, electricity, heat, and running water for the families like the Khachatryans. The poor infrastructure, notably in rural areas, had a negative effect on the economic activities of citizens and did not allow them to develop their skills and ideas followed by the poor practice of their political rights. The April 2017 parliamentary elections established a parliamentary democracy that seems to create a transformative juncture for the country, and to take explicit steps in order to spread economic and political rights and bring development.

Lida Dashyan's is another example of unmet infrastructural needs. She lives in Pambak, a village in Armenia's Gegharkounik Province. She expresses her complaint, excitement, tears, anger, sometimes bold, sometimes emotional, sometimes pathetic remarks about things unattained. It was life itself that remains out of reach. She has no means to repair the wall collapsing in her house. Her house is in a bad shape.

The Dashyan's house has a small balcony with square windows and wooden floors. But the floor has holes in some places. It's cold in the house. One of the main walls got a large crack in it, and the ceiling has separated. The house has been listed as a severe accident risk. It's collapsing, but the Dashyans have no means to rebuild it.

Lida Dashyan's two sons served in the army, then moved to Siberia to earn money. The wall is going to collapse one day, and Lida Dashyan seems collapsing together with it. She's gone here and there, and remembers the names of all the people she's ever petitioned for help. And there are many of them, all assistants and advisers, ministers and human rights advocates. She's even got a letter from the president's office, saying that her complaint had been readdressed to the governor and that the provincial governor's office would deal with it.

The governor's office hasn't dealt with it. She keeps copies of all the letters. She's aware of her rights. She wants the wall to be rebuilt, and her two sons to come back, so that all five of them sit down together and share a meal. She wants simple, modest meal to be shared by the five of them - herself, her husband, her two elder sons and the younger one, who's only fifteen.

Lida Dashyan also expresses some anger when she remembers that her youngest son will soon be the age to serve in the army and will protect the border, but now he is living with his mother in a decaying house (Hetq May 25, 2017).

If the government of Armenia were to focus more on the infrastructural needs of the populace and be less protective of class and institutional elites, it would be reminiscent of substantial public investments in construction, housing, health care, education, transportation and other areas of public policy. The country, in turn would expectedly be well on its way to development. Government spending on houses, hospitals, roads, bridges, rail lines, sewage and water system, as well as education would lead to increased employment, higher productivity, and higher living standards.

Development comprises construction and participation of all sectors of society in the socio-economic and political life of the country. This would be conditioned by channeling the public investment resources exclusively to the elimination of infrastructure constraints that still hamper economic development. In particular, and as noted above, construction and reconstruction of urban and rural roads, modernization or efficiency of the irrigation system, implementation of the drinking water projects, school reconstruction and curriculum are all primordial challenges for the country. The families mentioned above show the consequences of a dysfunctional infrastructure for development.

Conclusion

Armenia seems to lack a unique and coherent system of development to build the state. Beginning in the early 1990s, political thinking in the country reflected on an incipient democratic practice that bore little relevance to the pressing issues of development and state-building. Also, the political establishment in Armenia largely trailed the Soviet legacy and was structured in a top-down order in which institutions extracted the resources rather than including them in a development process.

The abrupt liberal opportunities created the economic elite that ultimately took the form of plutocratic leadership. In spite of a newly devised liberal constitution, Armenia was not able to inclusively institutionalize a political as well as an economic system of genuine representative governance. In addition to the challenges of political transformation and development, the country was burdened with regional conflict (such as Nagorno-Karabakh), foreign antagonism (blockade by Turkey and Azerbaijan), and the external pressure of interference. The political landscape of the South Caucasus did not provide the favorable environment for the implementation of development policies and building the state. The internal politics, largely within the plutocratic style of leadership, did not provide a conducive environment either. However, and notably under the new parliamentary system, there seems to be somewhat renewed prospect or an inclination to internal reform leading to political, economic, and human

development. The opportunities and potentials for Armenia to develop seem to be considerably abundant.

Notes

1. The study of state-building has attracted many scholars from different disciplines. It has entailed diverse academic approaches and perspectives extending into economic, political, cultural, and social dimensions. See, for example, an overview by Zoe Scott, *Literature Review on State-Building, Governance and Social Development* Resource Centre, University of Birmingham, 2007.
2. Sebastian Mallaby, “The Reluctant Imperialist: Terrorism, Failed States and the Case for American Empire,” *Foreign Affairs*, volume 81, issue 2, 2002; Paris, Roland, “Understanding the ‘Co-ordination Problem’ in Post-war State-building,” RPPS Working Paper: <http://state-building.org/resources/Paris>, RPPS, October 2006; Amitai Etzioni, “A Self-Restrained Approach to Nation-Building by Foreign Powers,” *International Affairs*, vol. 80, no. 1. 2004. Also, David Chandler, *International State-building: The Rise of Post-Liberal Governance*. New York, Routledge, 2010. Chandler argues that in the post-Cold War era “international state-building” has become a vital package of policy measures designed to prevent states from sliding into economic and political collapse.
3. See, for example, Ulrike Hopp, and Adolf Kloke-Lesche, “External Nation-Building vs. Endogenous Nation-Forming: A Development Policy Perspective” in ed., Hippler, Jochen, *Nation-Building: A Key Concept for Peaceful Conflict Transformation?* London, Pluto Press, 2004.
4. See, for example, Mark Berger and Heloise Weber, “Beyond State-Building: Global Governance and the Crisis of the Nation-state System in the 21st Century,” *Third World Quarterly*, vol.27, no. 1, 2006.
5. Amartya Sen, *Development as Freedom*, New York, Alfred A. Knopf, Inc., 2000.
6. Aghasi Tadevosyan, “Migration-Current Trends in Human Development,” in *National Human Development Report 2009, Migration and Human Development: Opportunities and Challenges*, UNDP Armenia, p. 132.
7. Numerous interviews and press conferences by Armenian officials on the Nagorno-Karabakh conflict as well as on the Turkish-Armenian protocols focus on peace negotiations. See, for example, the statement by President Serzh Sargsyan at the Joint Press Conference with the President of the European Council Herman Van Rompuy, <http://www.president.am/en/interviews-and-press-conferences/item/2012/07/04/news-82/>; the interview of President Serzh Sargsyan to *Free Artsakh* newspaper and the NKR state TV station, Feb. 9, 2011; the exclusive interview by President Serzh Sargsyan to Euronews, <http://www.president.am/en/interviews-and-press-conferences/item/2010/03/20/news-45/>; the

interview of Serzh Sargsyan to Al Jazeera News Network on the Turkish-Armenian Protocols, Dec. 2, 2010; Armenian Foreign Minister Eduard Nalbandian, 'No Alternative to Peace,' May 6, 2008, STRASBOURG (Combined Sources); former president Robert Kocharyan also has advocated a 'package deal' approach to peace in the Karabakh conflict, see 'Package Deal' November 18, 1997 YEREVAN (Iravoonk); or 'Kocharian Delivers Powerful Message to PACE' June 25, 2004 STRASBOURG (PACE).

8. Tracey German, "Good neighbours or distant relatives?" Regional identity and cooperation in the South Caucasus," **Central Asian Survey**, Vol. 31, No. 2, June 2012, pp.137-151.

9. IMF Survey Magazine: Countries & Regions, <http://www.imf.org/external/pubs/ft/survey/so/2014/CAR110314A.htm>; See also the predicted 3 percent economic growth for 2017, http://www.panarmenian.net/eng/news/237371/IMF_predicts_3%_economic_growth_in_Armenia_for_2017. *The Economist* also forecasts growth of 3.6% a year on average in 2017-18, <http://country.eiu.com/Armenia>.

10. For best critical account on plutocratic rule see, notably, *Hedq* articles and reports, such as, "How Newly Appointed Prime Minister Hovik Abrahamyan Seizes Power" May 16, 2014; or, "In Armenia the Rich Rule: Liberal Democracy Is Plutocracy," March 5, 2015;

11. A wide range of literature on economic development appears as a normative concept and informs the perennial questions of social justice, sustainability, and democracy. See, for example, Jeffrey Sachs, *The Age of Sustainable Development*, Columbia University Press, 2015; Manus Midlarsky, ed., *Inequality, Democracy, and Economic Development*, Cambridge University Press, 1998. Prominent Armenian economist Tatoul Manasserialian, in many of his interviews also correlates the idea of economic development to the national survival strategy. See, for example, <http://www.tert.am/en>, or <https://www.youtube.com/watch?v=OcoGs5UERZo>. See also, his *Economic Security: Strategy Silhouettes* (Armenian), M. Kotanyan Institute of Economics of National Academy of Sciences of Armenia, Alternative Research Center, Yerevan, 2014.

12. *The National Academies Press*, "Science and Technology in Armenia: Toward a Knowledge-Based Economy," http://www.nap.edu/openbook.php?record_id=11107.

13. Seymour Martin Lipset, "Some Social Requisites of Democracy," in Eva Etzioni-Halevy, ed., *Classes and Elites in Democracy and Democratization*, Taylor and Francis, 1997, p.39.

14. See, <http://caucasusbarometer.org/en/cb2013am/codebook/>.

15. C. Wright Mills, *The Power Elite*, London, Oxford University Press, 1986, p. 131.

16. In an interview by Tert.am with lawmaker and representative of the ARF (Armenian Revolutionary Federation) faction in the National Assembly, Artsvik Minasyan, commented on the ARF position in backing constitutional reforms but on the condition that a parliamentary system be enacted, <http://asbarez.com/blog/archives/133698>. Also, an interview by Panorama.am with Venice Commission President, Gianni Buquicchio, pointed out that parliamentary system of

government could strengthen Armenian democracy,
<http://www.panorama.am/en/interviews/2015/03/07/buquicchio/>

17. Razmig Shirinian, “ARF-D Urges Parliamentary Form of Government in Armenia,”
<http://www.arfd.info/2012/11/12/arf-d-urges-parliamentary-form-of-government-in-armenia/>

18. Ideological pluralism and the multiparty system are recognized in Chapter 1, Article 8 of the Armenian Constitution, <http://www.president.am/en/constitution/>

19. Robert Dahl, *Pluralist Democracy in the United States: Conflict and Consent*, Chicago, IL, Rand McNally, 1967, p.24.

20. One of the classics is William Kornhauser, *The Politics of Mass Society*, New York, Free Press, 1965.

21. Robert Nisbet, *The Quest for Community: The Study in the Ethics of Order and Freedom*, New York, Oxford University Press, 1953

22. Patterns of incremental and major change have been discussed by scholars such as Samuel Huntington (1981), Charles Hermann (1990), Kal Holsti (1982), James Rosenau (1981), and David Welch (2005).

23. Michael T. Hayes, *Incrementalism and Public Policy*, New York, University Press of America, 1992.

24. <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-azerbaijan/244-nagorno-karabakhs-gathering-war-clouds>, 2017. See also, International Crisis Group, “Armenia: An Opportunity for Statesmanship,” Europe Report N°217, June 2012.

25. Gayane Abrahamyan, “Armenia: Nation-Army Plan Raises Concerns About Society’s Militarization,” in eurasianet.org, June 14, 2017.

26. Caucasian Barometer surveys in 2013, for example, have shown that 66 percent of the people distrust the Parliament, 57 percent distrust the President, and 63 percent distrust the Executive Branch in general. For more information, see <http://caucasusbarometer.org/en/cb2013am/codebook/>.

27. See, for example, B. Guy Peters, *American Public Policy: Promise and Performance*, 8th Edition, Washington, D.C., CQ Press, 2010.

28. Only 18 percent of people have indicated that they fully or somewhat trust the NGOs and 35 percent fully or somewhat trust their local government, see, <http://caucasusbarometer.org/en/cb2013am/codebook/>.

29. <http://caucasusbarometer.org/en/cb2013am/codebook/>. A 2015 report by the National Statistical Service of the Republic of Armenia has pointed at 18 percent unemployment in Yerevan and the regions, http://www.armstat.am/file/article/f_sec_1_2015_4.pdf.

30. (<https://www.habitatforhumanity.org.uk/country/armenia/>)