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POLICY COMMENT

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Armenia's 'Velvet Revolution': Whither Change?

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In spring 2018, the installation of former President Serzh Sargsyan as prime minister – a scenario which would have enabled the incumbent elite to maintain their grip over Armenia – unexpectedly failed to materialise. The 2015 constitutional referendum that transferred key powers to the prime minister as of spring 2018 paved the way for this swap scenario. Instead, on April 23rd, the newly appointed Prime Minister (and former President) Serzh Sargsyan resigned amidst a wave of protests that swept the country. This outcome to the demonstrations took many observers by surprise.

Admittedly, over the past decade, Armenia has been home to frequent protests against the ruling elite. In 2008, the flawed presidential elections that brought Serzh Sargsyan to power were followed by a brutal crackdown on protesters, killing at least ten people. None of the prior protests led to changes as substantial as the ones Armenia has experienced since spring 2018, though. In light of the authorities' record of excessive use of force, there was little reason to believe that the 2018 protests would not end up with a brutal crackdown, thereby perpetuating the rule of the incumbent elite through a constitutional change. The scenario made possible by the constitutional amendments was also likely to materialise given its success in other post-Soviet countries, primarily Russia (Armenia's strategic partner). Yet contrary to all expectations, the founder of the Civil Contract party and leader of the demonstrations, Nikol Pashinyan, was elected prime minister in early May 2018, raising considerable expectations among the Armenian population.

The 'Velvet Revolution', as it is called in Armenia, is undoubtedly Armenia's most substantial political change since its independence. Yet even though the previous waves of protests did not yield significant change, Armenia's recent shift of power finds its roots in the widespread discontent that also underpinned the prior demonstrations. In fact, Armenia's marked political stability since the early 1990s developed at the expense of democratic reforms – a failure only exacerbated by the Nagorno-Karabakh conflict. The proximity of the governing elite and oligarchs, as well as pervasive corruption and the lack of governmental accountability have in the last decade fuelled both massive distrust in the incumbent authorities and the development of a vibrant civil society. Combined with an increasingly fragile socio-economic situation, this resulted in an intensification of protests against the elite in recent years, giving rise to new civic movements. In contrast to previous protests, the

recent events were marked by the strong leadership of a single person, Nikol Pashinyan, who as a former journalist is widely known as a longstanding government critic, and was therefore able to mobilise diverse societal groups in all regions of Armenia.

Notwithstanding the already irrefutable impact of Armenia's Velvet Revolution, a few months after the shift of power the scope and depth of changes are still unclear. The Pashinyan government has impressed observers from the very beginning with its high activism focussing on elite rotation, anti-corruption measures and social policy. The new authorities have dismissed and replaced key figures of the elites, including the Police Chief and the director of the National Security Service, almost all regional governors and many mayors, as well as the leadership of Armenian TV. The new authorities have arrested former President Kocharyan (1998-2008) and former key governmental figures. As part of the commitment to fight corruption, the new government has launched investigations in companies, as well as against key political and economic figures into instances of corruption. These include the family of the former President Sargsyan and the general and Republican MP Manvel Grigoryan who misused donations for military veterans and soldiers. Moreover, Pashinyan has introduced de-monopolization measures, so far for key products owned by oligarchs linked to the former elites, such as sugar. In addition, the new incumbent elite addressed urgent social policy issues by raising pensions and salaries in critical sectors like health care.

In fact, the 'Velvet Revolution' remains unfinished as the former incumbent Republican Party still has important leverages at its disposal until new elections take place. In early October, the adoption of a bill making it more difficult for Pashinyan to call for new elections came as a clear signal of the Republican Party's determination to retain its majority in the National Assembly. In this context, Pashinyan's call for demonstrations against the 'counter-revolutionary bill' again triggered massive rallies in Yerevan. On October 16th, the prime minister resigned with a view to forcing the organisation of snap parliamentary elections and completing the shift of power at the National Assembly. Therefore, until the elections take place the outcomes of the 'Velvet Revolution' remain fragile. Ultimately, it remains to be seen whether the new government will be in a position to carry out comprehensive reforms with a structural impact leading to a regime change, with a more open access to power.

Political changes in Armenia are also fragile because they are deeply sensitive to the country's difficult regional environment. Nikol Pashinyan has made it clear that both the April demonstrations and the subsequent shift of power were a domestic affair, driven by the need to change the country's governance practices and neatly disconnected from Armenia's foreign policy. In fact, Pashinyan's strategic decision to exclude foreign political topics from the movement's agenda was another massively mobilising aspect in Armenia. This is in sharp contrast to the so-called Colour Revolutions in Georgia (2003) and Ukraine (2004). The porosity between domestic and diplomatic change in these countries triggered Russia's

fury over an alleged Western interference in political upheavals and its subsequent loss of influence in the countries. Pashinyan confirmed that Russia would remain Armenia's strategic ally when meeting President Putin in his first visit abroad. The signals sent to Moscow (among others, regarding Armenia's membership in the Eurasian Economic Union) were regarded as sufficient guarantees of loyalty. Not only did Russia refrain from interfering in the April demonstrations; the Russian authorities also reiterated that Armenia was a sovereign country and acknowledged political change there, as it was combined with reassurances of a tight relation with Moscow. At the same time, however, Pashinyan is eager to communicate to the Armenian public that he is not Moscow's puppet and that he will seek a partnership on an equal footing with Russia.

However, for all the Armenian authorities' signals of foreign policy continuity to the neighbourhood, domestic political change bears important implications for Armenia's relations with key regional players. Even though the new authorities made it clear that no re-orientation toward the West was to be expected, the 'Velvet Revolution' coincides with a new phase in EU-Armenia relations, with the expected entry into force of the Comprehensive Enhanced Partnership Agreement (CEPA). Together with this new contractual framework, the congruence between the reform agenda of Armenia's new government and EU priorities open new opportunities for strengthening the EU-Armenia partnership. These have yet to materialise, though. Crucially, in recent months the domestic measures taken by Pashinyan have put relations with Russia to an increasingly severe test. Investigations into instances of corruption and other measures have not spared Russian interests. Importantly, charges filed against General Yuri Khachaturov (the Secretary-General of the Collective Security Treaty Organisation) and especially former President Robert Kocharyan (both in relation to the crackdown on protesters in the wake of 2008 presidential elections) triggered Russia's concern and provoked the first irritated statements against the new authorities. In addition, the Armenian government cancelled the contract transferring electricity networks to Tashir Group (whose Armenian branch is owned by a Russo-Armenian oligarch connected to the Armenian Republican Party) and left them under state control. Pashinyan also demanded a decrease by 20% in gas prices from Gazprom Armenia for the poorest part of the population.

A crucial aspect for gaining broad societal support in Armenia was to also demonstrate continuity in Armenia's Nagorno-Karabakh policy; the more so given that unlike Sargsyan and his predecessor Kocharyan, Pashinyan is not from Nagorno-Karabakh. Pashinyan did so by visiting the *de facto* government in Stepanakert the very day after his election as prime minister. He also demanded an arms embargo for Azerbaijan from Russia and called for accepting Nagorno-Karabakh as party to the conflict negotiation – two requests that run contrary to Azerbaijan's key interests. Azerbaijani state officials therefore portray Pashinyan as a hard-liner, who may rather accelerate military violence than contribute to progress of the conflict negotiations – an outcome which would ultimately be harmful for Armenia. The argument not only justifies Azerbaijan's

continuing and in fact increasingly hard line in the conflict, it also helps to discredit massive anti-government mobilisation in Azerbaijan, which Baku's ruling elite is keen to prevent.

Overall, a few months after the Velvet Revolution, the Armenian people have brought a government into power that is capable of achieving significant political and economic change. From the very beginning of his term as prime minister, Pashinyan has shown his commitment to addressing the people's demands as expressed in the rallies and presents himself as accountable to the streets. It is, however, not yet set how deep and lasting the changes are. In a context marked by growing polarization and instability, the key question is whether Pashinyan's resignation will effectively lead to parliamentary elections that may pave the way for a new majority and enable the Pashinyan government to address Armenia's challenges (primarily the fight against corruption and the reform of security forces) by systemic reforms. In the longer run, the crux of political change may ultimately be Armenia's relations to the key players in the neighbourhood. While the promise to continue Armenia's foreign policy was key to the success of the movement, maintaining the external status quo will ultimately constrain the depth of domestic change. This is primarily because the Russian authorities may use their manifold leverages (especially security) over Armenia if they deem Russian interests to be affected by the reforms. However, as Pashinyan's approach to Russia indicates, the new government appears to test Armenia's room for manoeuvre cautiously but clearly.