Armenia, a country study

Federal Research Division

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Foreword

This volume is one in a continuing series of books prepared by the Federal Research Division of the Library of Congress under the Country Studies/Area Handbook Program sponsored by the Department of the Army.

The last two pages of this book list the other published studies.

Most books in the series deal with a particular foreign country, describing and analyzing its political, economic, social, and national security systems and institutions, and examining the interrelationships of those systems and the ways they are shaped by cultural factors. The authors seek to provide a basic understanding of the observed society, striving for a dynamic rather than a static portrayal. Particular attention is devoted to the people who make up the society, their origins, dominant beliefs and values, their common interests and the issues on which they are divided, the nature and extent of their involvement with national institutions, and their attitudes toward each other and toward their social system and political order.

The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

Louis R. Mortimer Chief Federal Research Division Library of Congress Washington, D C. 20540−5220 Armenia Preface
At the end of 1991, the formal liquidation of the Soviet Union was the surprisingly swift result of partially hidden decrepitude and centrifugal forces within that empire. Of the fifteen new states that emerged from the process, many had been independent political entities at some time in the past. Aside from their coverage in the 1989 *Soviet Union: A Country Study*, none had received individual treatment in this series, however.

Armenia, Azerbaijan, and Georgia: Country Studies is the first in a new subseries describing the fifteen postSoviet republics, both as they existed before and during the Soviet era and as they have developed since 1991. This volume covers Armenia, Azerbaijan, and Georgia, the three small nations grouped around the Caucasus mountain range east of the Black Sea.

The marked relaxation of information restrictions, which began in the late 1980s and accelerated after 1991, allows the reporting of nearly complete data on every aspect of life in the three countries. Scholarly articles and periodical reports have been especially helpful in accounting for the years of independence in the 1990s.

The authors have described the historical, political, and social backgrounds of the countries as the background for their current portraits. In each case, the authors' goal was to provide a compact, accessible, and objective treatment of five main topics: historical background, the society and its environment, the economy, government and politics, and national security.

In all cases, personal names have been transliterated from the vernacular languages according to standard practice. Placenames are rendered in the form approved by the United States Board on Geographic Names, when available. Because in many cases the board had not yet applied vernacular tables in transliterating official place−names at the time of printing, the most recent Soviet−era forms have been used in this volume.

Conventional international variants, such as Moscow, are used when appropriate. Organizations commonly known by their acronyms (such as IMF International Monetary Fund) are introduced by their full names.

Autonomous republics and autonomous regions, such as the Nakhichevan Autonomous Republic, the Ajarian Autonomous Republic, and the Abkhazian Autonomous Republic, are introduced in their full form (before 1991 these also included the phrase Soviet socialist"), and subsequently referred to by shorter forms (Nakhichevan, Ajaria, and Abkhazia, respectively).

Measurements are given in the metric system; a conversion table is provided in the Appendix. A chronology is provided at the beginning of the book, combining significant historical events of the three countries. To amplify

points in the text of the chapters, tables in the Appendix provide statistics on aspects of the societies and the economies of the countries.

The body of the text reflects information available as of March 1994. Certain other portions of the text, however, have been updated. The Introduction discusses significant events and trends that have occurred since the completion of research; the Country Profiles include updated information as available; and the Bibliography lists recently published sources thought to be particularly helpful to the reader.

Introduction

Figure 1. Armenia, Azerbaijan, and Georgia: Geographic Setting, 1994 Figure 2. Armenia, Azerbaijan, and Georgia: Topography and Drainage Figure 3. Nagorno−Karabakh, 1994
THE THREE REPUBLICS of Transcaucasia Armenia, Azerbaijan, and Georgia were included in the Soviet Union in the early 1920s after their inhabitants had passed through long and varied periods as separate nations and as parts of neighboring empires, most recently the Russian Empire. By the time the Soviet Union dissolved at the end of 1991, the three republics had regained their independence, but their economic weakness and the turmoil surrounding them jeopardized that independence almost immediately. By 1994 Russia had regained substantial influence in the region by arbitrating disputes and by judiciously inserting peacekeeping troops. Geographically isolated, the three nations gained some Western economic support in the early 1990s, but in 1994 the leaders of all three asserted that national survival depended chiefly on diverting resources from military applications to restructuring economic and social institutions.

Location at the meeting point of southeastern Europe with the western border of Asia greatly influenced the histories of the three national groups forming the present−day Transcaucasian republics (see fig. 1; fig. 2).

Especially between the twelfth and the twentieth centuries, their peoples were subject to invasion and control by the Ottoman, Persian, and Russian empires. But, with the formation of the twentieth−century states named for them, the Armenian, Azerbaijani, and Georgian peoples as a whole underwent different degrees of displacement and played quite different roles. For example, the Republic of Azerbaijan that emerged from the Soviet Union in 1991 contains only 5.8 million of the world's estimated 19 million Azerbaijanis, with most of the balance living in Iran across a southern border fixed when Persia and Russia in the nineteenth century. At the same time, slightly more than half the world's 6.3 million Armenians are widely scattered outside the borders of the Republic of Armenia as a result of a centuries−long diaspora and step−by−step reduction of their national territory. In contrast, the great majority of the world's Georgian population lives in the Republic of Georgia (together with ethnic minorities constituting about 30 percent of the republic's population), after having experienced centuries of foreign domination but little forcible alteration of national boundaries.

The starting points and the outside influences that formed the three cultures also were quite different. In pre−Christian times, Georgia's location along the Black Sea opened it to cultural influence from Greece.

During the same period, Armenia was settled by tribes from southeastern Europe, and Azerbaijan was settled by Asiatic Medes, Persians, and Scythians. In Azerbaijan, Persian cultural influence dominated in the formative period of the first millennium B.C. In the early fourth century, kings of Armenia and Georgia accepted Christianity after extensive contact with the proselytizing early Christians at the eastern end of the Mediterranean. Following their conversion, Georgians remained tied by religion to the Roman Empire and later the Byzantine Empire centered at Constantinople. Although Armenian Christianity broke with Byzantine Orthodoxy very early, Byzantine occupation of Armenian territory enhanced the influence of Greek culture on Armenians in the Middle Ages.

In Azerbaijan, the Zoroastrian religion, a legacy of the early Persian influence there, was supplanted in the seventh century by the Muslim faith introduced by conquering Arabs. Conquest and occupation by the Turks added centuries of Turkic influence, which remains a primary element of secular Azerbaijani culture, notably in language and the arts. In the twentieth century, Islam remains the prevalent religion of Azerbaijan, with about three−quarters of the population adhering to the Shia (see Glossary) branch.

Golden ages of peace and independence enabled the three civilizations to individualize their forms of art and literature before 1300, and all have retained unique characteristics that arose during those eras. The Armenian, Azerbaijani, and Georgian languages also grew in different directions: Armenian developed from a combination of Indo−European and non−Indo−European language stock, with an alphabet based on the Greek; Azerbaijani, akin to Turkish and originating in Central Asia, now uses the Roman alphabet after periods of official usage of the Arabic and Cyrillic alphabets; and Georgian, unrelated to any major world language, use a Greek−based alphabet quite different from the Armenian.

Beginning in the eighteenth century, the Russian Empire constantly probed the Caucasus region for possible expansion toward the Black Sea and the Caspian Sea. These efforts engaged Russia in a series of wars with the Persian and Ottoman empires, both of which by that time were decaying from within. By 1828 Russia had annexed or had been awarded by treaty all of present− day Azerbaijan and Georgia and most of present−day Armenia. (At that time, much of the Armenian population remained across the border in the Ottoman Empire.)

Except for about two years of unstable independence following World War I, the Transcaucasus countries remained under Russian, and later Soviet, control until 1991. As part of the Soviet Union from 1922 to 1991, they underwent approximately the same degree of economic and political regimentation as the other constituent republics of the union (until 1936 the Transcaucasian Soviet Federated Socialist Republic included all three countries). The Sovietization process included intensive industrialization, collectivization of agriculture, and large−scale shifts of the rural work force to industrial centers, as well as expanded and standardized systems for education, health care, and social welfare. Although industries came under uniform state direction, private farms in the three republics, especially in Georgia, remained important agriculturally because of the inefficiency of collective farms.

The achievement of independence in 1991 left the three republics with inefficient and often crumbling remains of the Soviet−era state systems. In the years that followed, political, military, and financial chaos prevented reforms from being implemented in most areas. Land redistribution proceeded rapidly in Armenia and Georgia, although agricultural inputs often remained under state control. In contrast, in 1994 Azerbaijan still depended mainly on collective farms. Education and health institutions remained substantially the same centralized suppliers as they had in the Soviet era, but availability of educational and medical materials and personnel dropped sharply after 1991. The military conflict in Azerbaijan's Nagorno− Karabakh Autonomous Region put enormous stress on the health and social welfare systems of combatants Armenia and Azerbaijan, and Azerbaijan's blockade of Armenia, which began in 1989, caused acute shortages of all types of materials (see fig. 3).

The relationship of Russia to the former Soviet republics in the Transcaucasus caused increasing international concern in the transition years. The presence of Russian peacekeeping troops between Georgian and Abkhazian separatist forces remained an irritation to Georgian nationalists and an indication that Russia intended to intervene in that part of the world when opportunities arose. Russian nationalists saw such intervention as an opportunity to recapture nearby parts of the old Russian, and later Soviet empire. In the fall of 1994, in spite of strong nationalist resistance in each of the Transcaucasus countries, Russia was poised to improve its economic and military influence in Armenia and Azerbaijan, as it had in Georgia, if its mediation activities in Nagorno−Karabakh bore fruit.

The countries of Transcaucasia each inherited large state− owned enterprises specializing in products assigned by the Soviet system: military electronics and chemicals in Armenia, petroleum− based and textile industries in

Azerbaijan, and chemicals, machine tools, and metallurgy in Georgia. As in most of the nations in the former Soviet sphere, redistribution and revitalization of such enterprises proved a formidable obstacle to economic growth and foreign investment in Armenia, Azerbaijan, and Georgia. Efforts at enterprise privatization were hindered by the stresses of prolonged military engagements, the staying power of underground economies that had defied control under communist and governments, the lack of commercial expertise, and the lack of a legal infrastructure on which to base new business relationships. As a result, in 1994 the governments were left with oversized, inefficient, and often bankrupt heavy industries whose operation was vital to provide jobs and to revive the national economies. At the same time, small private enterprises were growing rapidly, especially in Armenia and Georgia.

In the early 1990s, the Caucasus took its place among the regions of the world having violent post−Cold War ethnic conflict. Several wars broke out in the region once Soviet authority ceased holding the lid on disagreements that had been fermenting for decades. (Joseph V. Stalin's forcible relocation of ethnic groups after the redrawing of the region's political map was a chief source of the friction of the 1990s.) Thus, the three republics devoted critical resources to military campaigns in a period when the need for internal restructuring was paramount.

In Georgia, minority separatist movements primarily on the part of the Ossetians and the Abkhaz, both given intermittent encouragement by the Soviet regime over the years demanded fuller recognition in the new order of the early 1990s. Asserting its newly gained national prerogatives, Georgia responded with military attempts to restrain separatism forcibly. A year−long battle in South Ossetia, initiated by Zviad Gamsakhurdia, post− Soviet Georgia's ultranationalist first president, reached an uneasy peace in mid−1992.

Early in 1992, however, the violent eviction of Gamsakhurdia from the presidency added another opponent of Georgian unity as the exiled Gamsakhurdia gathered his forces across the border.

In mid−1992 Georgian paramilitary troops entered the Abkhazian Autonomous Republic of Georgia, beginning a new conflict that in 1993 threatened to break apart the country. When Georgian troops were driven from Abkhazia in September 1993, Georgia's President Eduard Shevardnadze was able to gain Russian military aid to prevent the collapse of the country. In mid−1994 an uneasy cease−fire was in force; Abkhazian forces controlled their entire region, but no negotiated settlement had been reached. Life in Georgia had stabilized, but no permanent answers had been found to ethnic claims and counterclaims.

For Armenia and Azerbaijan, the center of nationalist self−expression in this period was the Nagorno−Karabakh Autonomous Region of Azerbaijan. After the Armenian majority there declared unification with Armenia in 1988, ethnic conflict broke out in both republics, leaving many Armenians and Azerbaijanis dead. For the next six years, battles raged between Armenian and Azerbaijani regular forces and between Armenian militias from Nagorno−Karabakh (mountainous Karabakh in Russian), and foreign mercenaries, killing thousands in and around Karabakh and causing massive refugee movements in both directions. Armenian military forces, better supplied and better organized, generally gained ground in the conflict, but the sides were evened as Armenia itself was devastated by six years of Azerbaijani blockades. In 1993 and early 1994, international mediation efforts were stymied by the intransigence of the two sides and by competition between Russia and the Conference on Security and Cooperation in Europe (CSCE see Glossary) for the role of chief peace negotiator.

ARMENIA Armenia, in the twentieth century the smallest of the three republics in size and population, has undergone the greatest change in the location of its indigenous population. After occupying eastern Anatolia (now eastern Turkey) for nearly 2,000 years, the Armenian population of the Ottoman Empire was extinguished or driven out by 1915 adding to a diaspora that had begun centuries earlier. After 1915, only the eastern population, in and around Erevan, remained in its original location. In the Soviet era, Armenians preserved their cultural traditions, both in Armenia and abroad. The Armenian people's strong sense of unity has been reinforced by periodic threats to their existence. When Armenia, Azerbaijan, and Georgia gained their independence in 1991, Armenia possessed the fewest natural and man−made resources upon which to

build a new state. Fertile agricultural areas are relatively small, transportation is limited by the country's landlocked position and mountainous terrain (and, beginning in 1989, by the Azerbaijani blockade), and the material base for industry is not broad. A high percentage of cropland requires irrigation, and disorganized land privatization has delayed the benefits that should result from reducing state agricultural control. Although harvests were bountiful in 1993, gaps in support systems for transport and food processing prevented urban populations from benefiting.

The intensive industrialization of Armenia between the world wars was accomplished within the controlled barter system of the Soviet republics, not within a separate economic unit. The specialized industrial roles assigned Armenia in the Soviet system offered little of value to the world markets from which the republic had been protected until 1991. Since 1991 Armenia has sought to reorient its Soviet−era scientific−research, military electronics, and chemicals infrastructures to satisfy new demands, and international financial assistance has been forthcoming. In the meantime, basic items of Armenian manufacturing, such as textiles, shoes, and carpets, have remained exportable. However, the extreme paucity of energy sources little coal, natural gas, or petroleum is extracted in Armenia always has been a severe limitation to industry. And about 30 percent of the existing industrial infrastructure was lost in the earthquake of 1988. Desperate crises arose throughout society when Azerbaijan strangled energy imports that had provided over 90 percent of Armenia's energy. Every winter of the early 1990s brought more difficult conditions, especially for urban Armenians.

In the early 1990s, the Armenian economy was also stressed by direct support of Karabakh self−determination Karabakh, which received massive shipments of food and other materials through the Lachin corridor that Karabakh Armenian forces had opened across southwestern Azerbaijan. Although Karabakh sent electricity to Armenia in return, the balance of trade was over two to one in favor of Karabakh, and Armenian credits covered most of Karabakh's budget deficits. Meanwhile, Armenia remained a command rather than a free−market economy to ensure that the military received adequate economic support.

In addition to the Karabakh conflict, wage, price, and social welfare conditions have caused substantial social unrest since independence. The dram (for value of the dram see Glossary), the national currency introduced in 1992, underwent almost immediate devaluation as the national banking system tried to stabilize international exchange rates. Accordingly, in 1993 prices rose to an average of 130 percent of wages, which the government indexed through that year. The scarcity of many commodities, caused by the blockade, also pushed prices higher. In the first post−Soviet years, and especially in 1993, plant closings and the energy crisis caused unemployment to more than double. At the same time, the standard of living of the average Armenian deteriorated; by 1993 an estimated 90 percent of the population were living below the official poverty line.

Armenia's first steps toward democracy were uneven. Upon declaring independence, Armenia adapted the political system, set forth in its Soviet−style 1978 constitution, to the short− term requirements of governance.

The chief executive would be the chairman of Armenia's Supreme Soviet, which was the chief legislative body of the new republic but in independent Armenia the legislature and the executive branch would no longer merely rubber−stamp policy decisions handed down from Moscow.

The inherited Soviet system was used in the expectation that a new constitution would prescribe Western−style institutions in the near future. However, between 1992 and 1994 consensus was not reached between factions backing a strong executive and those backing a strong legislature.

At the center of the dispute over the constitution was Levon Ter−Petrosian, president (through late 1994) of post−Soviet Armenia. Beginning in 1991, Ter−Petrosian responded to the twin threats of political chaos and military defeat at the hands of Azerbaijan by accumulating extraordinary executive powers. His chief opposition, a faction that was radically nationalist but held few seats in the fragmented Supreme Soviet, sought to build coalitions to cut the president's power, then to finalize such a move in a constitution calling for a strong

legislature. As they had on other legislation, however, the chaotic deliberations of parliament yielded no decision. Ter−Petrosian was able to continue his pragmatic approach to domestic policy, privatizing the economy whenever possible, and to continue his moderate, sometimes conciliatory, tone on the Karabakh issue.

Beginning in 1991, Armenia's foreign policy also was dictated by the Karabakh conflict. After independence, Russian troops continued serving as border guards and in other capacities that Armenia's new national army could not fill. Armenia, a charter member of the Russian−sponsored Commonwealth of Independent States (CIS see Glossary), forged security agreements with CIS member states and took an active part in the organization. After 1991 Russia remained Armenia's foremost trading partner, supplying the country with fuel. As the Karabakh conflict evolved, Armenia took a more favorable position toward Russian leadership of peace negotiations than did Azerbaijan.

The dissolution of the Soviet Union made possible closer relations with Armenia's traditional enemy Turkey, whose membership in the North Atlantic Treaty Organization (NATO see Glossary) had put it on the opposite side in the Cold war. In the Karabakh conflict, Turkey sided with Islamic Azerbaijan, blocking pipeline deliveries to Armenia through its territory. Most important, Turkey withheld acknowledgment of the 1915 massacre, without which no Armenian government could permit a rapprochement. Nevertheless, tentative contacts continued throughout the early 1990s.

In spite of pressure from nationalist factions, the Ter− Petrosian government held that Armenia should not unilaterally annex Karabakh and that the citizens of Karabakh had a right to self−determination (presumably meaning either independence or union with Armenia). Although Ter−Petrosian maintained contact with Azerbaijan's President Heydar Aliyev, and Armenia officially accepted the terms of several peace proposals, recriminations for the failure of peace talks flew from both sides in 1993.

The United States and the countries of the European Union (EU) have aided independent Armenia in several ways, although the West has criticized Armenian incursions into Azerbaijani territory. Humanitarian aid, most of it from the United States, played a large role between 1991 and 1994 in Armenia's survival through the winters of the blockade. Armenia successively pursued aid from the European Bank for Reconstruction and Development, the International Monetary Fund (IMF see Glossary), and the World Bank (see Glossary).

Two categories of assistance, humanitarian and technical, were offered through those lenders. Included was aid for recovery from the 1988 earthquake, whose destructive effects were still being felt in Armenia's industry and transportation infrastructure as of late 1994.

After the Soviet Union collapsed, Armenia's national security continued to depend heavily on the Russian military. The officer corps of the new national army created in 1992 included many Armenian former officers of the Soviet army, and Russian institutes trained new Armenian officers. Two Russian divisions were transferred to Armenian control, but another division remained under full Russian control on Armenian soil.

Internal security was problematic in the transitional years. The Ministry of Internal Affairs, responsible for internal security agencies, remained outside regular government control, as it had been in the Soviet period.

This arrangement led to corruption, abuses of power, and public cynicism, a state of affairs that was especially serious because the main internal security agency acted as the nation's regular police force. The distraction of the Karabakh crisis combined with security lapses to stimulate a rapid rise in crime in the early 1990s. The political situation was also complicated by charges of abuse of power exchanged by high government officials in relation to security problems.

By the spring of 1994, Armenians had survived a fourth winter of acute shortages, and Armenian forces in Karabakh had survived the large−scale winter offensive that Azerbaijan launched in December 1993. In May

1994, a flurry of diplomatic activity by Russia and the CIS, stimulated by the new round of fighting, produced a cease−fire that held, with some violations, through the summer. A lasting treaty was delayed, however, by persistent disagreement over the nationality of peacekeeping forces that would occupy Azerbaijan. Azerbaijan resisted the return of Russian troops to its territory, while the Russian plan called for at least half the forces to be Russian. On both diplomatic and economic fronts, new signs of stability caused guarded optimism in Armenia in the fall of 1994.

The failure of the CSCE peace plan, which Azerbaijan supported, had caused that country to mount an all−out, human− wave offensive in December 1993 and January 1994, which initially pushed back Armenian defensive lines in Karabakh and regained some lost territory. When the offensive stalled in February, Russia's minister of defense, Pavel Grachev, negotiated a cease− fire, which enabled Russia to supplant the CSCE as the primary peace negotiator. Intensive Russian−sponsored talks continued through the spring, although Azerbaijan mounted air strikes on Karabakh as late as April. In May 1994, Armenia, Azerbaijan, and Nagorno−Karabakh signed the CIS−sponsored Bishkek Protocol, calling for a cease−fire and the beginning of troop withdrawals. In July the defense ministers of the three jurisdictions officially extended the cease−fire, signaling that all parties were moving toward some combination of the Russian and the CSCE peace plans. In September the exchange of Armenian and Azerbaijani prisoners of war began.

Under these conditions, Russia was able to intensify its three−way diplomatic gambit in the Transcaucasus, steadily erasing Armenians' memory of airborne Soviet forces landing unannounced as a show of strength in 1991. In the first half of 1994, Armenia moved closer to Russia on several fronts. A February treaty established bilateral barter of vital resources. In March Russia agreed to joint operation of the Armenian Atomic Power Station at Metsamor, whose scheduled 1995 reopening is a vital element in easing the country's energy crisis. Also in March, Armenia replaced its mission in Moscow with a full embassy. In June the Armenian parliament approved the addition of airborne troops to the Russian garrison at Gyumri near the Turkish border. Then in July, Russia extended 100 billion rubles (about US$35 million at that time) for reactivation of the Metsamor station, and Armenia signed a US$250 million contract with Russia for Armenia to process precious metals and gems supplied by Russia. In addition, Armenia consistently favored the Russian peace plan for Nagorno−Karabakh, in opposition to Azerbaijan's insistence on reviving the CSCE plan that prescribed international monitors rather than combat troops (most of whom would be Russian) on Azerbaijani soil.

Armenia was active on other diplomatic fronts as well in 1994. President Ter−Petrosian made official visits to Britain's Prime Minister John Major in February (preceding Azerbaijan's Heydar Aliyev by a few weeks when the outcome of the last large− scale campaign in the Karabakh conflict remained in doubt) and to President William J. Clinton in the United States in August. Clinton promised more active United States support for peace negotiations, and an exchange of military attachés was set. While in Washington, Ter−Petrosian expressed interest in joining the NATO Partnership for Peace, in which Azerbaijan had gained membership three months earlier.

Relations with Turkey remained cool, however. In 1994 Turkey continued its blockade of Armenia in support of Azerbaijan and accused Armenia of fostering rebel activity by Kurdish groups in eastern Turkey; it reiterated its denial of responsibility for the 1915 massacre of Armenians in the Ottoman Empire. In June these policies prompted Armenia to approve the security agreement with Russia that stationed Russian airborne troops in Armenia near the Turkish border. In July Armenia firmly refused Turkey's offer to send peacekeeping forces to Nagorno−Karabakh. Thus, Armenia became an important player in the continuing contest between Russia and Turkey for influence in the Black Sea and Caucasus regions. Armenians considered the official commemoration by Israel and Russia of the 1915 Armenian massacre a significant advancement in the country's international position.

Early in 1994, Armenia's relations with Georgia worsened after Azerbaijani terrorists in Georgia again sabotaged the natural gas pipeline supplying Armenia through Georgia. Delayed rail delivery to Armenia of goods arriving in Georgian ports also caused friction. Underlying these stresses were Georgia's unreliable transport system and

its failure to prevent violent acts on Georgian territory. Pipeline and railroad sabotage incidents continued through mid−1994.

The domestic political front remained heated in 1994. As the parliamentary elections of 1995 approached, Ter−Petrosian's centrist Armenian Pannational Movement (APM), which dominated political life after 1991, had lost ground to the right and the left because Armenians were losing patience with economic hardship.

Opposition newspapers and citizens' groups, which Ter− Petrosian refused to outlaw, continued their accusations of official corruption and their calls for the resignation of the Ter−Petrosian government early in the year. Then, in mid−1994 the opposition accelerated its activity by mounting antigovernment street demonstrations of up to 50,000 protesters.

In the protracted struggle over a new constitution, the opposition intensified rhetoric supporting a document built around a strong legislature rather than the strong−executive version supported by Ter−Petrosian. By the fall of 1994, little progress had been made even on the method of deciding this critical issue. While opposition parties called for a constitutional assembly, the president offered to hold a national referendum, following which he would resign if defeated.

Economic conditions were also a primary issue for the opposition. The value of the dram, pegged at 14.5 to the United States dollar when it was established in November 1993, had plummeted to 390 to the dollar by May 1994. In September a major overhaul of Armenia's financial system was under way, aimed at establishing official interest rates and a national credit system, controlling inflation, opening a securities market, regulating currency exchange, and licensing lending institutions. In the overall plan, the Central Bank of Armenia and the Erevan Stock Exchange assumed central roles in redirecting the flow of resources toward production of consumer goods. And government budgeting began diverting funds from military to civilian production support, a step advertised as the beginning of the transition from a command to a market economy.

This process included the resumption of privatization of state enterprises, which had ceased in mid−1992, including full privatization of small businesses and cautious partial privatization of larger ones. In mid−1994 the value of the dram stabilized, and industrial production increased somewhat. As another winter approached, however, the amount of goods and food available to the average consumer remained at or below subsistence level, and social unrest threatened to increase.

In September Armenia negotiated terms for the resumption of natural gas deliveries from its chief supplier, Turkmenistan, which had threatened a complete cutoff because of outstanding debts. Under the current agreement, all purchases of Turkmen gas were destined for electric power generation in Armenia. Also in September, the IMF offered favorable interest rates on a loan of US$800 million if Armenia raised consumer taxes and removed controls on bread prices. Armenian officials resisted those conditions because they would further erode living conditions.

Thus in mid−1994 Armenia, blessed with strong leadership and support from abroad but cursed with a poor geopolitical position and few natural resources, was desperate for peace after the Karabakh Armenians had virtually won their war for self− determination. With many elements of post−Soviet economic reform in place, a steady flow of assistance from the West, and an end to the Karabakh conflict in sight, Armenia looked forward to a new era of development.

AZERBAIJAN Azerbaijan, the easternmost and largest of the Transcaucasus states in size and in population, has the richest combination of agricultural and industrial resources of the three states. But Azerbaijan's quest for reform has been hindered by the limited contact it had with Western institutions and cultures before the Soviet era began in 1922.

Although Azerbaijan normally is included in the three−part grouping of the Transcaucasus countries (and was so defined politically between 1922 and 1936), it has more in common culturally with the Central Asian republics east of the Caspian Sea than with Armenia and Georgia. The common link with the latter states is the Caucasus mountain range, which defines the topography of the northern and western parts of Azerbaijan.

A unique aspect of Azerbaijan's political geography is the enclave of the Nakhichevan Autonomous Republic, created by the Soviet Union in 1924 in the area between Armenia and Iran and separated from the rest of Azerbaijan by Armenian territory. In 1924 the Soviet Union also created the Nagorno−Karabakh Autonomous Region within Azerbaijan, an enclave whose population was about 94 percent Armenian at that time and remained about 75 percent Armenian in the late 1980s.

Beginning in the last years of the Soviet Union and extending into the 1990s, the drive for independence by Nagorno−Karabakh's Armenian majority was an issue of conflict between Armenia, which insisted on self−determination for its fellow Armenians, and Azerbaijan, which cited historical acceptance of its sovereignty whatever the region's ethnic composition. By the 1991 independence struggle was an issue of de facto war between Azerbaijan and the Karabakh Armenians, who by 1993 controlled all of Karabakh and much of adjoining Azerbaijan.

The population of Azerbaijan, already 83 percent Azerbaijani before independence, became even more homogeneous as members of the two principal minorities, Armenians and Russians, emigrated in the early 1990s and as thousands of Azerbaijanis immigrated from neighboring Armenia. The heavily urbanized population of Azerbaijan is concentrated around the cities of Baku, Gyandzha, and Sumgait.

Like the other former Soviet republics, Azerbaijan began in 1991 to seek the right combination of indigenous and borrowed qualities to replace the awkwardly imposed economic and political imprint of the Soviet era.

And, like Armenia and Georgia, Azerbaijan faced the complications of internal political disruption and military crisis in the first years of this process.

For more than 100 years, Azerbaijan's economy has been dominated by petroleum extraction and processing.

In the Soviet system, Azerbaijan's delegated role had evolved from supplying crude oil to supplying oil−extraction equipment, as Siberian oil fields came to dominate the Soviet market and as Caspian oil fields were allowed to deteriorate. Although exploited oil deposits were greatly depleted in the Soviet period, the economy still depends heavily on industries linked to oil. The country also depends heavily on trade with Russia and other former Soviet republics. Azerbaijan's overall industrial production dropped in the early 1990s, although not as drastically as that of Armenia and Georgia. The end of Soviet−supported trade connections and the closing of inefficient factories caused unemployment to rise and industrial productivity to fall an estimated 26 percent in 1992; acute inflation caused a major economic crisis in 1993.

Azerbaijan did not restructure its agriculture as quickly as did Armenia and Georgia; inefficient Soviet methods continued to hamper production, and the role of private initiative remained small. Agriculture in Azerbaijan also was hampered by the conflict in Nagorno−Karabakh, which was an important source of fruits, grain, grapes, and livestock. As much as 70 percent of Azerbaijan's arable land was occupied by military forces at some stage of the conflict.

In spite of these setbacks, Azerbaijan's economy remains the healthiest among the three republics, largely because unexploited oil and natural gas deposits are plentiful (although output declined in the early 1990s)

and because ample electric−power generating plants are in operation. Azerbaijan has been able to attract Western investment in its oil industry in the post−Soviet years, although Russia remains a key oil customer and investor. In

1993 the former Soviet republics remained Azerbaijan's most important trading partners, and state bureaucracies still controlled most foreign trade. Political instability in Baku, however, continued to discourage Turkey, a natural trading partner, from expanding commercial relations.

The political situation of Azerbaijan was extremely volatile in the first years of independence. With performance in Nagorno− Karabakh rather than achievement of economic and political reform as their chief criterion, Azerbaijanis deposed presidents in 1992 and 1993, then returned former communist party boss Heydar Aliyev to power. In 1992, in the country's first and only free election, the people had chosen Abulfaz Elchibey, leader of the Azerbaijani Popular Front (APF), as president. Meanwhile, the Azerbaijani Communist Party, formally disbanded in 1991, retained positions of political and economic power and was key in the coup that returned Aliyev to power in June 1993. Former communists dominated policy making in the government Aliyev formed after his rubber−stamp election as president the following October. However, the APF remained a formidable opposition force, especially critical of any sign of weakness on the Nagorno− Karabakh issue.

During the transition period, the only national legislative body was the Melli−Majlis (National Council), a fifty−member interim assembly that came under the domination of former communists and, by virtue of postponing parliamentary elections indefinitely, continued to retain its power in late 1994. Aliyev promised a new constitution and democratic rule, but he prolonged his dictatorial powers on the pretext of the continuing military emergency. Work on a new constitution was begun in 1992, but the Nagorno−Karabakh conflict and political turmoil delayed its completion; meanwhile, elements of the 1978 constitution (based on the 1977 constitution of the Soviet Union) remain the highest law of the land, supplemented only by provisions of the 1991 Act of Independence.

Azerbaijan's post−Soviet foreign policy attempted to balance the interests of three stronger, often mutually hostile, neighbors Iran, Russia, and Turkey while using those nations' interests in regional peace to help resolve the Karabakh conflict. The Elchibey regime of 1992−93 leaned toward Turkey, which it saw as the best mediator in Karabakh. Armenia took advantage of this strategy, however, to form closer ties with Russia, whose economic assistance it needed desperately. Beginning in 1993, Aliyev sought to rekindle relations with Russia and Iran, believing that Russia could negotiate a positive settlement in Karabakh. Relations with Turkey were carefully maintained, however.

Beginning in 1991, Azerbaijan's external national security was breached by the incursion of the Armenian separatist forces of Karabakh militias and reinforcements from Armenia. Azerbaijan's main strategy in this early period was to blockade landlocked Armenia's supply lines and to rely for national defense on the Russian 4th Army, which remained in Azerbaijan in 1991. Clashes between Russian troops and Azerbaijani civilians in 1991 and the collapse of the Soviet Union, however, led Russia to a rapid commitment for withdrawal of troops and equipment, which was completed in mid−1993.

Under those circumstances, a new, limited national armed force was planned in 1992, and, as had been done in Armenia, the government appealed to Azerbaijani veterans of the Soviet army to defend their homeland.

But the force took shape slowly, and outside assistance mercenaries and foreign training officers were summoned to stem the Armenian advance that threatened all of southern Azerbaijan. In 1993 continued military failures brought reports of mass desertion and subsequent large−scale recruitment of teenage boys, as well as wholesale changes in the national defense establishment.

In the early 1990s, the domestic and international confusion bred by the Karabakh conflict increased customs violations, white−collar crime, and threats to the populace by criminal bands. The role of Azerbaijanis in the international drug market expanded noticeably. In 1993 the Aliyev government responded to these problems with a major reform of the Ministry of Internal Affairs, which had been plagued by corruption and incompetence, but experts agreed that positive results required a more stable overall atmosphere.

In December 1993, Azerbaijan launched a major surprise attack on all fronts in Karabakh, using newly drafted personnel in wave attacks, with air support. The attack initially overwhelmed Armenian positions in the north and south but ultimately was unsuccessful. An estimated 8,000 Azerbaijani troops died in the two−month campaign, which Armenian authorities described as Azerbaijan's best−planned offensive of the conflict.

When the winter offensive failed, Aliyev began using diplomatic channels to seek peace terms acceptable to his constituents, involving Russia as little as possible. Already in March, the chairman of the Azerbaijani parliament had initiated a private meeting with his opposite number from Armenia, an event hailed in the Azerbaijani press as a major Azerbaijani peace initiative. Official visits by Aliyev to Ankara and London early in 1994 yielded little additional support for Azerbaijan's position. (Turkey remained suspicious of Aliyev's communist background.)

At this point, Azerbaijan reasserted its support for the CSCE peace plan, which would use international monitors rather than military forces to enforce the cease−fire in Karabakh. Perhaps with the goal of avoiding further military losses, Aliyev approved in May the provisional cease−fire conditions of the Bishkek Protocol, sponsored by the CIS. That agreement, which softened Azerbaijan's position on recognizing the sovereignty of Nagorno−Karabakh, was subsequently the basis for terms of a true armistice.

Azerbaijan's official position on armistice conditions remained unchanged, however, during the negotiations of the summer and fall of 1994, in the face of Armenia's insistence that only an armed peacekeeping force (inevitably Russian) could prevent new outbreaks of fighting. During that period, sporadic Azerbaijani attacks tended to confirm Armenia's judgment. At the same time, Aliyev urged that his countrymen take a more conciliatory position toward Russia. Aliyev argued that the Soviet Union, not Russia, had sent the troops who had killed Azerbaijanis when they arrived to keep peace with Armenia in 1990 and that Azerbaijan could profit from exploiting rather than rejecting the remaining ties between the two countries.

In May Aliyev signed the NATO Partnership for Peace agreement, giving Azerbaijan the associate status that NATO had offered to East European nations and the former republics of the Soviet Union in late 1993. The same month, Aliyev received a mid− level United States delegation charged with discussing diplomatic support for the Nagorno−Karabakh peace process, Caspian Sea oil exploration by United States firms, and bilateral trade agreements.

In July Aliyev extended his diplomacy to the Muslim world, visiting Saudi Arabia and Iran in an effort to balance his diplomatic contacts with the West. Iran was especially important because of its proximity to Karabakh and its interest in ending the conflict on its border. Iran responded to offers of economic cooperation by insisting that any agreement must await a peace treaty between Azerbaijan and Armenia.

In the fall of 1994, a seventeen−point peace agreement was drafted, but major issues remained unresolved.

Azerbaijani concerns centered on withdrawal of Armenian forces from Azerbaijani territory and conditions that would permit Azerbaijani refugees to return home. (An estimated 1 million Azerbaijanis had fled to other parts of Azerbaijan or Iran from occupied territory.) The top priorities for Armenia were ensuring security for Armenians in Karabakh and defining the status of the region prior to the withdrawal of forces.

A second result of the failed winter offensive of 1993−94 was a new crackdown by the Aliyev government on dissident activity. Early in 1994, censors in the Main Administration for Protecting State Secrets in the Press sharply increased censorship of material criticizing the regime, and the government cut the supply of paper and printing plates to opposition newspapers. In May a confrontation between Aliyev loyalists and opponents in the Melli−Majlis resulted in arrests of opposition leaders and reduction in the number of members required for a quorum to pass presidential proposals.

The issue behind the May dispute was Aliyev's handling of the Karabakh peace process. A variety of opposition parties and organizations claimed that the Bishkek Protocol had betrayed Azerbaijan by recognizing the sovereignty of Nagorno−Karabakh. A new coalition, the National Resistance Movement, was formed immediately after the May confrontation in the Mellis−Majlis. The movement's two principles were opposition to reintroduction of Russian forces in Azerbaijan and opposition to Aliyev's dictatorship. By the end of the summer, however, the movement had drawn closer to Aliyev's position on the first point, and the announcement of long−delayed parliamentary elections to be held in the summer of 1995 aimed to defuse charges of dictatorship. Draft election legislation called for replacing the temporary Melli−Majlis with a 150−seat legislature in 1995.

In October 1994, a military coup, supported by Prime Minister Suret Huseynov, failed to topple Aliyev.

Aliyev responded by declaring a two−month state of emergency, banning demonstrations, and taking military control of key positions. Huseynov, who had signed the Bishkek Protocol as Azerbaijan's representative, was dismissed.

Price and wage levels continued to reduce the standard of living in Azerbaijan in 1994. Between mid−1993 and mid−1994, prices increased by an average of about sixteen times; from November 1993 to July 1994, the state−established minimum wage more than doubled. To speed conversion to a market economy, the ministries of finance and economics submitted plans in July to combine state−run enterprises in forms more suitable for privatization. Land privatization has proceeded cautiously because of strong political support for maintaining the Soviet− era state−farm system. In mid−1994 about 1 percent of arable land was in private hands, the bureaucratic process for obtaining private land remained long and cumbersome, and state allocation of equipment to private farmers was meager.

Meanwhile, in 1994 currency−exchange activity increased dramatically in Azerbaijani banks, bringing more foreign currency into the country. The ruble remained the most widely used foreign unit in 1994. In June, at the insistence of the IMF and the World Bank, the National Bank of Azerbaijan stopped issuing credit that lacked monetary backing, a practice that had fueled inflation and destabilized the economy.

The main hope for Azerbaijan's economic recovery lies in reviving exploitation of offshore oil deposits in the Caspian Sea. By 1993 these deposits had attracted strong interest among British, Norwegian, Russian, Turkish, and United States firms. Within a consortium of such firms, Russia would likely have a 10 percent share and provide the pipeline and the main port (Novorossiysk on the Black Sea) for export of Azerbaijan's oil. An agreement signed in September 1994 included United, British, Turkish, Russian, and Azerbaijani oil companies.

In the early 1990s, the development of Azerbaijan's foreign trade was skewed by the refusal of eighteen nations, including the United States, Canada, Israel, India, and the Republic of Korea (South Korea), to import products from Azerbaijan as long as the blockade of Armenia continued. At the same time, many of those countries sold significant amounts of goods in Azerbaijan. Overall, in the first half of 1994 one−third of Azerbaijan's imports came from the far abroad (all non−CIS trading partners), and 46 percent of its exports went outside the CIS. In that period, total imports exceeded total exports by US$140 million. At the same time, the strongest long−term commercial ties within the CIS were with Kazakhstan, Russia, Turkmenistan, and Ukraine.

Like Armenia, Azerbaijan was able to improve internal conditions only marginally while awaiting the relief of a final peace settlement in Karabakh. Unlike either of its Transcaucasus neighbors, however, Azerbaijan had the prospect of major large− scale Western investment once investment conditions improved. Combined with potential oil earnings, diplomatic approaches by President Aliyev in 1994 to a number of foreign countries, including all of Azerbaijan's neighbors, seemed to offer it a much−improved postwar international position. A great deal depended, however, on the smooth surrender of wartime emergency powers by the Aliyev government and on accelerating the stalled development of a market economy.

GEORGIA Georgia possesses the advantages of a subtropical Black Sea coastline and a rich mixture of Western and Eastern cultural elements. A combination of topographical and national idiosyncracies has preserved that cultural blend, whose chief impetus was the Georgian golden age of the twelfth and early thirteenth centuries, during long periods of occupation by foreign empires. Perhaps the most vivid result of this cultural independence is the Georgian language, unrelated to any other major tongue and largely unaffected by the languages of conquering peoples at least until the massive influx of technical loanwords at the end of the twentieth century.

Since independence, Georgia has had difficulty establishing solid political institutions. This difficulty has been caused by the distractions of continuing military crises and by the chronic indecision of policy makers about the country's proper long−term goals and the strategy to reach them. Also, like the other Transcaucasus states, Georgia lacks experience with the democratic institutions that are now its political ideal; rubber− stamp passage of Moscow's agenda is quite different from creation of a legislative program useful to an emerging nation.

As in Azerbaijan, Georgia's most pressing problem has been ethnic separatism within the country's borders.

Despite Georgia's modest size, throughout history all manifestations of a Georgian nation have included ethnic minorities that have conflicted with, or simply ignored, central power. Even in the golden age, when a central ruling power commanded the most widespread loyalty, King David the Builder was called King of the Abkhaz, the Kartvelians, the Ran, the Kakhetians, and the Armenians. In the twentieth century, arbitrary rearrangement of ethnic boundaries by the Soviet regime resulted in the sharpening of various nationalist claims after Soviet power finally disappeared. Thus, in 1991 the South Ossetians of Georgia demanded union with the Ossetians across the Russian border, and in 1992 the Abkhaz of Georgia demanded recognition as an independent nation, despite their minority status in the region of Georgia they inhabited.

As in Armenia and Azerbaijan, influential, intensely nationalist factions pushed hard for unqualified military success in the struggle for separatist territory. And, as in the other Transcaucasus nations, those factions were frustrated by military and geopolitical reality: in Georgia's case, an ineffective Georgian army required assistance from Russia, the imperialist neighbor against whom nationalists had sharpened their teeth only three years earlier, to save the nation from fragmentation. At the end of 1993, Russia seemingly had settled into a long−term role of peacekeeping and occupation between Georgian and Abkhazian forces.

The most unsettling internal crisis was the failed presidency of Zviad Gamsakhurdia, once a respected human rights advocate and the undisputed leader of Georgia's nationalist opposition as the collapse of the Soviet Union became imminent. In 1991 Gamsakhurdia's dictatorial and paranoid regime, followed by the bloody process of unseating him, gave Georgia a lasting reputation for instability that damaged prospects for foreign investment and for participation in international organizations.

The failure of the one−year Gamsakhurdia regime necessitated a new political beginning that coincided with the establishment of Eduard Shevardnadze as head of state in early 1992. Easily the most popular politician in Georgia and facing chronically fragmented opposition in parliament, Shevardnadze acquired substantial temporary executive powers as he maneuvered to maintain national unity. At the same time, his hesitation to imitate Gamsakhurdia's grab for power often left a vacuum that was filled by quarreling splinter parties with widely varied agendas. Shevardnadze preserved parts of his reform program by forming temporary coalitions that dissolved when a contentious issue appeared. Despite numerous calls for his resignation, and despite rampant government corruption and frequent shifts in his cabinet between 1992 and 1994, there were no other serious contenders for Shevardnadze's position as of late 1994.

Shevardnadze also used familiarity with the world of diplomacy to reestablish international contacts, gain sympathy for Georgia's struggle to remain unified, and seek economic ties wherever they might be available.

Unlike Armenia and Azerbaijan, Georgia did not arouse particular loyalty or hostility among any group of nations. In the first years of independence, Shevardnadze made special overtures to Russia, Turkey, and the United States and attempted to balance Georgia's approach to Armenia and Azerbaijan, its feuding neighbors in the Transcaucasus.

The collapse of the Soviet Union changed Georgia's economic position significantly, although industrial production already was declining in the last Soviet years. In the Soviet system, Georgia's assignment was mainly to supply the union with agricultural products, metal products, and the foreign currency collected by Georgian tourist attractions. This specialization made Georgia dependent on other Soviet republics for a wide range of products that were unavailable after 1991. Neither diversification nor meaningful privatization was possible, however, under the constant upheaval and energy shortages of the early 1990s. In addition, powerful organized criminal groups gained control of large segments of the national economy, including the export trade.

After the January 1992 fall of Gamsakhurdia's xenophobic regime, the maintenance of internal peace and unity was a critical national security issue. Although some progress was made in establishing a national armed force in 1994 the paramilitary organizations the Mkhedrioni (horsemen) and the National Guard

remained influential military forces in the fall of 1994. The small size and the poor organization of those groups had forced the request for Russian troop assistance in late 1993, which in turn renewed the national security dilemma of occupation by foreign troops. Meanwhile, civilian internal security forces, of which Shevardnadze took personal control in 1993, gained only partial victories over the crime wave that accompanied Georgia's post−Soviet upheavals. A series of reorganizations in security agencies failed to improve the protection of individuals against random crime or of the economic system against organized groups.

Through most of 1994, the Abkhazian conflict was more diplomatic than military. In spite of periodic hostilities, the uneasy truce line held along the Inguri River in far northwestern Georgia (in the campaign of October 1993, Georgian forces had been pushed out of all of Abkhazia except the far northern corner). The role of the 3,000 Russian peacekeepers on the border, and their relationship with United Nations (UN)

observers, was recognized by a resolution of the UN Security Council in July. Throughout that period, the issue of the return of as many as 300,000 Georgian refugees to Abkhazia was the main sticking point of negotiations. The Abkhaz saw the influx of so many Georgians as a danger to their sovereignty, which Georgia did not recognize, and the refugees' plight as a bargaining chip to induce further Georgian withdrawal. No settlement was likely before the refugee issue was resolved. Meanwhile, supporting the refugees placed additional stress on Georgian society.

A legal basis for the presence of Russian troops in Georgia had been established in a status−of−forces treaty between the two nations in January 1994. The treaty prescribed the authority and operating conditions of the Group of Russian Troops in the Caucasus (GRTC), which was characterized as on Georgian territory for a transitional period. In the summer of 1994, high−level bilateral talks covered Georgian−Russian military cooperation and further integration of CIS forces.

The Georgian economy continued to struggle in 1994, showing only isolated signs of progress. At the beginning of the year, state monopolies were reaffirmed in vital industries such as tea and food processing and electric power. By May, however, after prodding from the IMF, Shevardnadze began issuing decrees that eased privatization conditions. This policy spurred a noticeable acceleration of privatization in the summer of 1994. When the new stimulus began, about 23 percent of state enterprises had been privatized, and only thirty−nine joint−stock companies had formed out of the more than 900 large firms designated for that type of conversion. A voucher system for collecting private investment funds, delayed by a shortage of hard currency, finally began operating. But the state economic bureaucracy, entrenched since the Soviet era, was able to slow the privatization process when dispersal of economic power threatened its privileged position in 1994.

Between mid−1993 and mid−1994, prices rose by an average of 300 percent, and inflation severely eroded the government− guaranteed minimum wage. (In August the minimum wage, which was stipulated in coupons [for value of the coupon see Glossary], equaled US$0.33 per month.) Often wages were withheld for months because of the currency shortage. In September the government raised price standards sharply for basic food items, transportation, fuel, and services. Lump−sum payments to all citizens, designed to offset this cost, failed to reach many, prompting new calls for Shevardnadze's resignation. Under those conditions, most Georgians were supported by a vast network of unofficial economic activities.

In mid−1994 unemployment was estimated unofficially at 1.5 million people, nearly 50 percent of Georgia's working−age population. The exchange rate of the Georgian coupon stabilized in early 1994 after many months of high inflation, but by that time the coupon had been virtually displaced in private transactions by the ruble and the dollar. The national financial system remained chaotic especially in tax collection, customs, and import−export operations. The first major state bank was privatized in the summer of 1994. In August parliament approved a major reform program for social welfare, pricing, and the financial system.

In July 1994, a Georgian−Russian conference on economic cooperation discussed transnational corporations and concluded some contracts for joint economic activities, but most Russian investors demanded stronger legal guarantees for their risks. Numerous Western firms established small joint ventures in 1994, but the most critical investment project under discussion sought to exploit the substantial oil deposits that had been located by recent Australian, British, Georgian, and United States explorations in the Black Sea shelf near Batumi and Poti. A first step in foreign involvement, an oil refinery near Tbilisi, received funding in July, but the Western firms demanded major reform of commercial legislation before expanding their participation.

Georgia experienced a major energy crisis in the winter of 1993−94; following the crisis, in mid−1994 Turkmenistan drastically reduced natural gas supplies because of unpaid debts. Some fuel aid was expected for the winter of 1994−95 from Azerbaijan, the EU, Iran, and Turkey. The output of the domestic oil industry increased sharply in mid−1994. As winter approached, Georgia also offered Turkmenistan new assurances of payment in return for resumption of natural gas delivery.

Georgia's communications system, a chronically weak infrastructure link that also had discouraged foreign investment, began integration into world systems in early 1994 when the country joined international postal, satellite, and electronic communications organizations. Joint enterprises with Australian, French, German, Turkish, and United States communications companies allowed the upgrading of the national telephone system and installation of fiber−optic cables.

In the first half of 1994, the most frequent topic of government debate was the role of Russian troops in Abkhazia. By that time, opposition nationalist parties had accepted the Russian presence but rejected Abkhazian delays in allowing the return of refugees and Shevardnadze's tolerance of those delays. In May Shevardnadze overcame parliament's objections to new concessions to the Abkhaz by threatening to resign.

The new agreement passed, and opposition leaders muted their demands for Shevardnadze's ouster in the belief that Russia was seeking to replace him with someone more favorable to Russian intervention.

Nevertheless, in the fall of 1994 few Georgian refugees had returned to Abkhazia.

Shevardnadze's exercise of extraordinary executive powers remained a hot issue in parliament. One faction called for reduced powers in the name of democracy, but another claimed that a still stronger executive was needed to enforce order. In a July poll, 48 percent of respondents said the government was obstructing the mass media. Although the 1992 state of emergency continued to restrict dissemination of information, the Georgian media consistently presented various opposition views. Likewise, the Zviadists, Gamsakhurdia's supporters, although banned from radio and television, continued to hold rallies under the leadership of a young radical, Irakli

Tsereteli.

In 1994 the government took steps to improve the internal security situation. In the latest of a long series of organizational and leadership shuffles, Shevardnadze replaced the Emergency Committee, which had been headed by former Mkhedrioni leader Jaba Ioseliani, with the Emergency Coordinating Commission, headed by Shevardnadze, and gave the commission a vague mandate to coordinate economic, political, defense, and law−enforcement matters. Ioseliani, whose command of the Mkhedrioni still gave him great influence, became a deputy head of the commission.

Shevardnadze's attempt to form a new, one−battalion Georgian army was delayed throughout the first half of 1994. The Ministry of Defense continued drafting potential soldiers (a very high percentage of whom evaded recruitment) for the Georgian armed forces and streamlining its organization. In September the national budget had not yet allocated wages, and sources of rations and equipment had not been identified mainly because parliament had not passed the necessary legislation. Ministry of Defense plans called for the country's remaining state farms to be designated for direct military supply, as was the practice in the Soviet era. The disposition of existing paramilitary forces remained undecided as of late 1994.

The intelligence service had been reorganized in late 1993 to include elite troops mandated to fight drug smuggling and organized crime. In the spring of 1994, new agencies were formed in the State Security Service to investigate fiscal crimes and to combat terrorism. And in August 1994, the Ministry of Internal Affairs announced a major new drive against organized crime and drug traffickers throughout Georgia.

Parliament and local jurisdictions offered indifferent support, however.

In 1994 Georgia began solving some of its most critical problems laying a political base for a market economy, solidifying to a degree Shevardnadze's position as head of state, stabilizing inflation, and avoiding large−scale military conflict. But long−term stability will depend on comprehensive reform of the entire economy, eradication of the corruption that has pervaded both government and economic institutions, redirection of resources from the Abkhazian conflict into a civilian infrastructure suitable for international trade (and for major loans from international lenders), and, ultimately, finding political leaders besides Shevardnadze who are capable of focusing Georgians' attention on building a nation, rather than on advancing local interests. All those factors will influence the other major imponderable: Russia's long−term economic and political influence in Georgia, which increased greatly in late 1993 and in the first half of 1994. October 18, 1994

In the months following preparation of this manuscript, a number of significant events occurred in the three countries of the Transcaucasus. Cease−fires in two major conflicts, between Abkhazia and Georgia and between Armenia and Nagorno−Karabakh on one side and Azerbaijan on the other, remained in effect despite periodic hostilities. Although the two sets of peace talks continued to encounter fundamental differences, signs of compromise emerged from both in the first months of 1995, with the assistance of international mediators. All three countries continued efforts to stabilize their economies, reduce crime, and normalize political systems distorted by lengthy states of emergency.

At the beginning of 1995, Armenia had made the most progress toward economic recovery and political stability, although its population suffered another winter of privation because of Azerbaijan's fuel blockade. In December a summit of the Organisation on Security and Cooperation in Europe (OSCE, formerly the CSCE)

had succeeded in merging OSCE and Russian peace efforts on Nagorno−Karabakh for the first time in an accord signed in Budapest. Russia was expected to become the head of the OSCE Minsk Group, which had been negotiating on behalf of Western Europe for the previous two years. In return, Russia accepted OSCE oversight of peacekeeping in the conflict zone. Armenia's President Ter−Petrosian reported the opening of three defense plants and full staffing of the Armenian Army in 1994, improving Armenia's national security position.

In November 1994, the World Bank announced loans to Armenia of US$265 million for infrastructural, agricultural, and energy applications. The bank cited Armenia's new reform program to control inflation and expand the private sector, together with the first increase in Armenia's gross national product (GNP see Glossary) since independence, as the reasons for this investment. In December the reform package went into effect. Expected to improve the standing of President Ter−Petrosian's embattled government, the reform included substantial reduction of the government's budget deficit, which had caused many workers to go unpaid and others, including teachers, to accept barely subsistence wages. The second major reform measure was ending government subsidies for basic staples, including bread and utilities a stringency measure highly unpopular in the short term but calculated to attract more international assistance. The price of bread rose by ten times as soon as the new law went into effect. In late 1994 and early 1995, Armenia also continued reestablishing commercial ties with Iran by signing a series of three economic treaties covering taxation, free trade, and capital investments. Beginning in 1992, commercial activity between the two countries had doubled annually, and the pace was expected to accelerate markedly in 1995.

Although the Armenian government had made more extensive preparations for another winter of hardship under the Azerbaijani blockade, conditions for the average Armenian were barely better than the year before.

In the winter of 1994−95, Armenia's chronic fuel shortage, and the rising social unrest caused by it, were relieved somewhat by a new fuel agreement with Georgia and Turkmenistan. The pact provided for substantial increases in delivery of Turkmen natural gas through the Georgian pipeline. Although this measure increased the daily electricity ration from one hour to two hours, long−term fuel increases depended on additional negotiations and of the payment of Armenia's substantial debt to Turkmenistan. In January the State Duma, the lower house of Russia's legislative body, was considering a major grant of credit to Armenia, which would be used in reopening the Armenian Atomic Power Station at Metsamor. The arrangement would be a major step in solidifying economic ties with Russia, which has also given technical assistance for the plant.

According to Armenian Ministry of Industry figures, 40 percent of the country's industrial 1994 output, worth a total of US$147 million, was sold for hard currency. Among the main customers were Iran, Syria, the United Arab Emirates, Cyprus, Belgium, and several North African countries. Although machinebuilding industries did not work at full capacity in 1994 because of a reduced market in Russia, industry was buoyed by the resumption of full production at the Nairit Chemical Plant after several years of shutdown. Nairit was expected to produce goods worth US$60 million per month in 1995.

Armenia's state commission for privatization vouchers began voucher distribution to the public in October 1994. At that point, vouchers for ten enterprises were available, with another fifty due for consideration in February 1995. High profitability was the chief criterion for listing enterprises for privatization. The Nairit plant and the Armenian Electrical Machine Plant, Armenia's largest and most profitable industrial facilities, were converted to private joint−stock enterprises in January 1995.

In Azerbaijan, hopes for economic improvement depended most on foreign investment in offshore oil deposits in the Caspian Sea. Those hopes were subdued somewhat by disagreements over the September 1994 agreement of Western, Russian, and Iranian oil interests to aid Socar, Azerbaijan's state oil company, to develop offshore deposits in the Caspian Sea.

Throughout the last months of 1994, Russia insisted that its 10 percent share of the new deal was unfair on the grounds that all Caspian countries should have equal access to Caspian resources. Russia also continued strong opposition to a new pipeline through Iran to Turkey, which the Western partners favored. The Western firms were dismayed by Azerbaijan's offer of 25 percent of its oil deal to Iran, by the political uncertainty that seemed to escalate in Azerbaijan after the oil deal was signed, and by the rapid deterioration of existing Caspian fields, many of which were deserted in early 1995. Experts agreed an important determinant of Azerbaijan's profit from the agreement would be the maintenance of world oil prices.

In December 1994, Russia's military occupation of its separatist Chechen Autonomous Republic closed the main rail line from Russia, the chief trade route to other CIS republics and elsewhere. Replacement trade routes were sought through Iran, Turkey, and the United Arab Emirates. At the same time, hyperinflation continued (the value of the manat had dropped to 4,300 per US$1 at the end of 1994, down from 120 manats per US$1 in October 1993), spurred by full liberalization of prices to conform with IMF credit requirements.

The 1995 budget deficit equaled 20 percent of the gross domestic product (GDP see Glossary). Foreign credit, especially loans from Turkey, was being used to provide food and social services needs exacerbated by the continuing influx of Karabakh refugees. Economic reform, meanwhile, was delayed by more immediate concerns. Most industries were operating at about 25 percent of capacity in the winter of 1994−95.

In the last months of 1994, Russia struggled to maintain influence in Azerbaijan. Its position was threatened by approval of the multinational Caspian oil deal in September and by the Azerbaijani perception that the West was restraining Armenian aggression in Karabakh. In November President Aliyev met with Russia's President Yeltsin, who offered 300,000 tons of Russian grain and the reopening of Russian railroad lines in an apparent effort to optimize Russia's influence throughout the Transcaucasus. Azerbaijani opposition parties, led by the Azerbaijani Popular Front (APF), continued to predict that Aliyev's overtures to Russia would return Russia to a dominant position in Azerbaijani political and economic affairs. Experts predicted, however, that Russia would continue to play a vital economic role; at the end of 1994, about 60 percent of Azerbaijan's trade turnover involved Russia.

In early 1995, the issue of Nagorno−Karabakh's status continued to stymie the peace talks jointly sponsored in Moscow by the OSCE and Russia under the Budapest agreement of November 1994. Although Azerbaijan had signed several agreements with Nagorno−Karabakh as a full participant, the extent of the region's autonomy remained a key issue, as did the terms of the liberation of Azerbaijan's Lachin and Shusha regions from Armenian occupation. The Azerbaijani position was that the principals of the negotiations were Armenia and Azerbaijan, with the respective Armenian and Azerbaijani communities in Nagorno−Karabakh as interested parties. (At the end of 1994, an estimated 126,000 Armenians and 37,000 Azerbaijanis remained in the region.) Azerbaijan lodged an official protest against Russian insistence that the Karabakh Armenians constituted a third principal. In February presidents Aliyev and Ter−Petrosian met with presidents Nursultan Nazarbayev of Kazakhstan and Shevardnadze of Georgia in Moscow and expressed optimism that the nine−month cease−fire would hold until complete settlement could be reached. Nazarbayev and the presidents of Russia and Ukraine offered to be guarantors of stability in Nagorno−Karabakh if Azerbaijan would guarantee the region's borders.

After the unsuccessful coup against him by Prime Minister Suret Huseynov in October 1994, Azerbaijan's President Heydar Aliyev maintained his position. Despite loud opposition from the APF and other parties, Aliyev appeared to occupy a strong position at the beginning of 1995. In early 1995, friction developed between Aliyev and Rusul Guliyev, speaker of the Melli− Majlis (National Council), each accusing the other of responsibility for worsening socioeconomic conditions. Former president Abulfaz Elchibey of the APF remained a vocal critic of Aliyev and had a substantial following.

In Georgia, the unresolved conflict with the Abkhazian Autonomous Republic remained the most important issue. The repatriation of Georgian refugees to Abkhazia, a process conducted very slowly by Abkhazian authorities in the early autumn of 1994, ended completely between November 1994 and January 1995.

Opposition parties in Georgia, especially the National Liberation Front led by former Prime Minister Tengiz Sigua, increased their pressure on the government to take action, likening Abkhazia to Russia's secessionist Chechen Autonomous Republic, which Russia invaded in December 1994. (In fact, the official position of the Shevardnadze government supported the Russian move, both because of the parallel with Abkhazia and because of the need for continued Russian military monitoring of the cease−fire.) In January an attempted march of 1,400 armed Georgian refugees into Abkhazia was halted by Georgian government troops, and organizer Tengiz Kitovani, former minister of defense, was arrested for having organized the group. Although the UN adopted

resolutions in January condemning the Abkhazian refugee policy, UN officials saw little hope of a rapid change in the situation in 1995.

The issue of human rights continued to dog the Shevardnadze administration in late 1994 and early 1995. In February 1995, the Free Media Association of Georgia, which included most of the country's largest independent newspapers, officially protested police oppression and confiscation of newspapers. Newspaper production had already been restricted since the beginning of winter because of Georgia's acute energy shortage.

The Georgian political world was shocked by the assassination in December 1994 of Gia Chanturia, leader of the moderate opposition National Democratic Party and one of the country's most popular politicians.

Responsibility for the act was not established. Chanturia's death escalated calls for resignation of the Cabinet of Ministers, an outcome made more likely by the parliament's failure to pass Shevardnadze's proposed 1995 budget and by continued factionalism within the cabinet.

An important emerging figure was Minister of Defense Vardiko Nadibaidze, an army general entrusted in 1994 with finally developing a professional Georgian military force that would reduce reliance on outside forces (such as Russia's) to protect national security. At the end of 1994, Georgian forces were estimated at 15,000 ground troops, 3,000 air and air defense personnel, and 1,500 to 2,000 in the coastal defense force.

Economic reform continued unevenly under the direction of Vice Premier for Economics Temur Basilia. By design, inflation and prices continued to rise in the last months of 1994, and rubles and dollars remained the chief currency instead of the Georgian coupon. In a November 1994 poll, one−third of respondents said they spent their entire income on food. Distribution of privatization vouchers among the population was scheduled to begin in mid−1995. In November 1994, more than 1,500 enterprises had been privatized, most of them classified as commercial or service establishments. A group of Western and Japanese donors pledged a minimum of US$274 million in credits to Georgia in 1995, with another US$162 million available pending visible success" in economic reform.

In Geneva, peace talks between the Georgian government and the Abkhazian Autonomous Republic reached the eighteen−month mark; the major points of disagreement continued to be the political status of Abkhazia and the repatriation of Georgian refugees. The Abkhazian delegation insisted on equal status with Georgia in a new confederation. The Russian and UN mediators proposed a federal legislature and joint agencies for foreign policy, foreign trade, taxation, energy, communications, and human rights, providing Abkhazia substantially more autonomy than it had had when Georgia became independent but leaving open the question of relative power within such a system. In early February 1995, preliminary accord was reached on several points of the mediators' proposal.

As 1995 began, prospects for stability in the Transcaucasus were marginally better than they had been since the three countries achieved independence in 1991. Much depended on continued strong leadership from presidents Aliyev, Shevardnadze, and Ter−Petrosian, on a peaceful environment across the borders in Russia and Iran, and on free access to the natural resources needed to restart the national economies.

February 28, 1995 Glenn E. Curtis L brary of Congress Country Studies *Do NOT bookmark these search results.*

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Country

Formal Name: Republic of Armenia.

Short Form: Armenia.

Term for Citizens: Armenian(s).

Capital: Erevan.

Date of Independence: September 23, 1991.

Geography *Size:* Approximately 29,800 square kilometers.

Topography: Dominated by Lesser Caucasus range, running across north and then turning southeast to Iran.

Armenian Plateau to the southwest of mountains. Plateau, major feature of central Armenia, slopes gradually downward into Aras River valley, which forms border with Turkey to west and Iran to south.

Climate: Mountains preclude influence from nearby seas; temperature and precipitation generally determined by elevation: colder and wetter in higher elevations (north and northeast). In central plateau, wide temperature variation between winter and summer.

Economy

Gross National Product (GNP): Estimated at US$2.7 billion in 1992, or US$780 per capita. Growth rate in 1992 was 46 percent. Economic growth crippled after 1989 by Azerbaijani blockade of fuel and other materials and by demands of NagornoKarabakh conflict.

Industry and Mining: Dominant light manufacturing products include footwear, woven clothing, and carpets.

Nonferrous metallurgy, machine building, electronics, petrochemicals, fertilizers, and building materials most important heavy industries. Mining resource base broad, including copper, molybdenum, gold, silver, and iron ore, but little developed.

Agriculture: After privatization in 1990, assumed larger share of economy; most land privately owned by 1993. Farms small but relatively productive. Main crops grains, potatoes, vegetables, grapes, berries, cotton, sugar beets, tobacco, figs, and olives.

Energy: Nearly all energy supplied from abroad, causing severe shortage under blockade of early 1990s.

Natural gas, delivered from Turkmenistan via Georgia pipeline, frequently blocked. Hydroelectric plants main domestic source; natural gas supply from Russia intermittent because of pipeline damage.

Exports: In 1990 worth US$2.1 billion. Principal items textiles, shoes, carpets, machines, chemical products, processed foods, and metal products. Postcommunist export markets shifted toward Turkey and Iran, but traditional ties with Russia and Eastern Europe remained. License controls eased in 1992. Total export trade, severely constricted by blockade, about US$135.6 million in 1993.

Imports: In 1990 worth US$2.8 billion. Principal items light industrial products, industrial raw materials, fuels, and energy. Principal import suppliers Russia, Turkmenistan, Belarus, Ukraine, and Kazakhstan. Nearly all energy and much food must be imported.

Balance of Payments: Estimated in 1992 as US$137 million deficit.

Exchange Rate: Dram introduced November 1993, to become exclusive national currency early 1994. May 1994 rate about 390 drams per US$1. Second national unit, luma (100 to the dram), introduced February 1994.

Inflation: Dram devalued as Russian ruble devalued, early 1994, against United States dollar. Prices raised in steep periodic increments, including 30 percent rise March 1994. Prices in 1993 rose 130 percent as fast as wages.

Fiscal Year: Calendar year.

Fiscal Policy: Highly centralized government system, with no regional authority. Indexation of salaries and prices and currency devaluation used to balance supply and demand. Taxes added and changed 1992−93 to improve national income.

Government and Politics

Government: National government with most administrative powers. Thirty−seven districts with local legislative and executive organs. National legislature is unicameral Supreme Soviet of 248 members. Highest executive organ, Council of Ministers, appointed by president with consent of prime minister, who is named by president with consent of parliament. Presidency, given broad emergency powers during Nagorno−Karabakh conflict, most powerful government office. Legislative process cumbersome and fragmented, delaying passage of new constitution and other vital legislation. As of 1994, reform of Soviet−era judicial system awaited new constitution.

Politics: Since independence in 1991, presidency, most ministries, and parliamentary plurality held by members of Armenian Pannational Movement (APM). Main opposition parties Liberal Democratic Party (LDP) and Armenian Revolutionary Federation (ARF). First multiparty election 1991. Many minority parties represented in parliament, with coalitions on specific issues.

Foreign Relations: In early 1990s, foreign policy determined strongly by Nagorno−Karabakh conflict with Azerbaijan. Some rapprochement with traditional enemy Turkey and Iran. Limited relations established with Western Europe. Close ties with Russia and accords with other members of Commonwealth of Independent States (CIS). Worldwide Armenian diaspora facilitates foreign support.

International Agreements and Memberships: Member of United Nations, International Monetary Fund, World Bank, European Bank for Reconstruction and Development, and Conference on Security and Cooperation in Europe.

Historical Background

Figure 4. Armenia, 1994 A MENIAN CIVILIZATION HAD its beginnings in the sixth century B.C. In the centuries following, the Armenians withstood invasions and nomadic migrations, creating a unique culture that blended Iranian social and political structures with Hellenic and later Christian literary traditions. For two millennia, independent Armenian states existed sporadically in the region between the northeastern corner of the Mediterranean Sea and the Caucasus Mountains, until the last medieval state was destroyed in the fourteenth century. A landlocked country in modern times, Armenia was the smallest Soviet republic from 1920 until the dissolution of the Soviet Union in 1991 (see fig. 4). The future of an independent Armenia is clouded by limited natural resources and the prospect that the military struggle to unite the Armenians of Azerbaijan's Nagorno−Karabakh Autonomous Region with the Republic of Armenia will be a long one.

The Armenians are an ancient people who speak an Indo−European language and have traditionally inhabited the border regions common to modern Armenia, Iran, and Turkey. They call themselves *hai* (from the name of Hayk,

a legendary hero) and their country Haiastan. Their neighbors to the north, the Georgians, call them *somekhi*, but most of the rest of the world follows the usage of the ancient Greeks and refers to them as Armenians, a term derived according to legend from the Armen tribe. Thus the Russian word is *armianin*, and the Turkish is *ermeni*.

Early Christianity

After contact with centers of early Christianity at Antioch and Edessa, Armenia accepted Christianity as its state religion in A.D. 306 (the traditional date the actual date may have been as late as A.D. 314), following miracles said to have been performed by Saint Gregory the Illuminator, son of a Parthian nobleman. Thus Armenians claim that Tiridates III (A.D. 238−314) was the first ruler to officially Christianize his people, his conversion predating the conventional date (A.D. 312) of Constantine the Great's personal acceptance of Christianity on behalf of the Eastern Roman Empire (the Byzantine Empire).

Early in the fifth century A.D., Saint Mesrop, also known as Mashtots, devised an alphabet for the Armenian language, and religious and historical works began to appear as part of the effort to consolidate the influence of Christianity. For the next two centuries, political unrest paralleled the exceptional development of literary and religious life that became known as the first golden age of Armenia. In several administrative forms, Armenia remained part of the Byzantine Empire until the midseventh century. In A.D. 653, the empire, finding the region difficult to govern, ceded Armenia to the Arabs. In A.D. 806, the Arabs established the noble Bagratid family as governors, and later kings, of a semiautonomous Armenian state.

Between Russia and Turkey

Beginning in the eighteenth century, the Russian Empire played a growing role in determining the fate of the Armenians, although those in Anatolia remained under Turkish control, with tragic consequences that would endure well into the twentieth century.

In the eighteenth century, Transcaucasia (the region including the Greater Caucasus mountain range as well as the lands to the south and west) became the object of a military−political struggle among three empires:

Ottoman Turkey, tsarist Russia, and Safavid Persia. In 1828 Russia defeated Persia and annexed the area around Erevan, bringing thousands of Armenians into the Russian Empire. In the next half−century, three related processes began to intensify the political and national consciousness of the ethnic and religious communities of the Caucasus region: the imposition of tsarist rule; the rise of a market and capitalist economy; and the emergence of secular national intelligentsias. Tsarism brought Armenians from Russia and from the former Persian provinces under a single legal order. The tsarist system also brought relative peace and security by fostering commerce and industry, the growth of towns, and the building of railroads, thus gradually ending the isolation of many villages.

In the mid−nineteenth century, a major movement toward centralization and reform, called the Tanzimat, swept through the Ottoman Empire, whose authority had been eroded by corruption and delegation of control to local fiefdoms. Armenian subjects benefited somewhat from these reforms; for instance, in 1863 a special Armenian constitution was granted. When the reform movement was ended in the 1870s by reactionary factions, however, Ottoman policy toward subject nationalities became less tolerant, and the situation of the Armenians in the empire began to deteriorate rapidly.

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ARMENIA

country studies Federal Research Division Library of Congress Edited by Glenn E. Curtis Research Completed March 1994 On the cover: Cultural artifacts from Georgia (upper left) and Azerbaijan (right), and folk costume from Armenia March 1994

Foreword

This volume is one in a continuing series of books prepared by the Federal Research Division of the Library of Congress under the Country Studies/Area Handbook Program sponsored by the Department of the Army.

The last two pages of this book list the other published studies.

Most books in the series deal with a particular foreign country, describing and analyzing its political, economic, social, and national security systems and institutions, and examining the interrelationships of those systems and the ways they are shaped by cultural factors. The authors seek to provide a basic understanding of the observed society, striving for a dynamic rather than a static portrayal. Particular attention is devoted to the people who make up the society, their origins, dominant beliefs and values, their common interests and the issues on which they are divided, the nature and extent of their involvement with national institutions, and their attitudes toward each other and toward their social system and political order.

The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

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Preface

At the end of 1991, the formal liquidation of the Soviet Union was the surprisingly swift result of partially hidden decrepitude and centrifugal forces within that empire. Of the fifteen new states that emerged from the process, many had been independent political entities at some time in the past. Aside from their coverage in the 1989 *Soviet Union: A Country Study*, none had received individual treatment in this series, however.

Armenia, Azerbaijan, and Georgia: Country Studies is the first in a new subseries describing the fifteen postSoviet republics, both as they existed before and during the Soviet era and as they have developed since 1991. This volume covers Armenia, Azerbaijan, and Georgia, the three small nations grouped around the Caucasus mountain range east of the Black Sea.

The marked relaxation of information restrictions, which began in the late 1980s and accelerated after 1991, allows the reporting of nearly complete data on every aspect of life in the three countries. Scholarly articles and periodical reports have been especially helpful in accounting for the years of independence in the 1990s.

The authors have described the historical, political, and social backgrounds of the countries as the background for their current portraits. In each case, the authors' goal was to provide a compact, accessible, and objective treatment of five main topics: historical background, the society and its environment, the economy, government and politics, and national security.

In all cases, personal names have been transliterated from the vernacular languages according to standard practice. Placenames are rendered in the form approved by the United States Board on Geographic Names, when available. Because in many cases the board had not yet applied vernacular tables in transliterating official place−names at the time of printing, the most recent Soviet−era forms have been used in this volume.

Conventional international variants, such as Moscow, are used when appropriate. Organizations commonly known by their acronyms (such as IMF International Monetary Fund) are introduced by their full names.

Autonomous republics and autonomous regions, such as the Nakhichevan Autonomous Republic, the Ajarian Autonomous Republic, and the Abkhazian Autonomous Republic, are introduced in their full form (before 1991 these also included the phrase Soviet socialist"), and subsequently referred to by shorter forms (Nakhichevan, Ajaria, and Abkhazia, respectively).

Measurements are given in the metric system; a conversion table is provided in the Appendix. A chronology is provided at the beginning of the book, combining significant historical events of the three countries. To amplify points in the text of the chapters, tables in the Appendix provide statistics on aspects of the societies and the economies of the countries.

The body of the text reflects information available as of March 1994. Certain other portions of the text, however, have been updated. The Introduction discusses significant events and trends that have occurred since the completion of research; the Country Profiles include updated information as available; and the Bibliography lists recently published sources thought to be particularly helpful to the reader.

Table A. Chronology of Important Events

Period Description EARLY HISTORY 95–55 B.C.

Armenian Empire reaches greatest size and influence under Tigran the Great.

66 B.C.

Romans complete conquest of Caucasus Mountains region, including Georgian kingdom of Kartli–Iberia.

30 B.C.

Romans conquer Armenian Empire.

A.D. 100–300 Romans annex Azerbaijan and name it Albania.

ca. 310 Tiridates III accepts Christianity for the Armenian people.

330 King Marian III of Kartli–Iberia accepts Christianity for the Georgian people.

FIFTH–SEVENTH CENTURIES First golden age of Armenian culture.

ca. 600 Four centuries of Arab control of Azerbaijan begin, introducing Islam in seventh century.

645 Arabs capture Tbilisi.

653 Byzantine Empire cedes Armenia to Arabs.

NINTH–TENTH CENTURIES 806 Arabs install Bagratid family to govern Armenia.

813 Armenian prince Ashot I begins 1,000 years of rule in Georgia by Bagratid Dynasty.

862–977 Second golden age of Armenian culture, under Ashot I and Ashot III.

ELEVENTH–FOURTEENTH CENTURIES Byzantine Greeks invade Armenia from west, Seljuk Turks from east; Turkish groups wrest political control of Azerbaijan from Arabs, introducing Turkish language and culture.

1099–1125 David IV the Builder establishes expanded Georgian Empire and begins golden age of Georgia.

1000–late 1200s Golden age of Azerbaijani literature and architecture.

1100s–1300s Cilician Armenian and Georgian armies aid European armies in Crusades to limit Muslim control of Holy Land.

1200–1400 Mongols twice invade Azerbaijan, establishing temporary dynasties.

1375 Cilician Armenia conquered by Mamluk Turks.

1386 Timur (Tamerlane) sacks Tbilisi, ending Georgian Empire ***FIFTEENTH CENTURY*** Most of modern Armenia, Azerbaijan, and Georgia become part of Ottoman Empire.

SIXTEENTH CENTURY 1501 Azerbaijani Safavid Dynasty begins rule by Persian Empire.

1553 Ottoman Turks and Persians divide Georgia between them.

EIGHTEENTH CENTURY ca. 1700 Russia begins moving into northern Azerbaijan as Persian Empire weakens.

1762 Herekle II reunites eastern Georgian regions in kingdom of Kartli−Kakhetia.

NINETEENTH CENTURY 1801 After Herekle II's appeal for aid, Russian Empire abolishes Bagratid Dynasty and begins annexation of Georgia.

1811 Georgian Orthodox Church loses autocephalous status in Russification process.

1813 Treaty of Gulistan officially divides Azerbaijan into Russian (northern) and Persian (southern) spheres.

1828 Treaty of Turkmanchay awards Nakhichevan and area around Erevan to Russia, strengthening Russian control of Transcaucasus and beginning period of modernization and security.

1872 Oil industry established around Baku, beginning rapid expansion.

1878 Armenian question emerges at Congress of Berlin; disposition of Armenia becomes ongoing European issue.

1891 First Armenian revolutionary party formed.

1895 Massacre of 300,000 Armenian subjects by Ottoman Turks.

TWENTIETH CENTURY ca. 1900 Radical political organizations begin to form in Azerbaijan.

1908 Young Turks take over government of Ottoman Empire with reform agenda, supported by Armenian population.

1915 Young Turks massacre 600,000 to 2 million Armenians; most survivors leave eastern Anatolia.

1917 Armenia, Azerbaijan, and Georgia form independent Transcaucasian federation. Tsar Nicholas II abdicates Russian throne; Bolsheviks take power in Russia.

1918 Independent Armenian, Azerbaijani, and Georgian states emerge from defeat of Ottoman Empire in World War I.

1920 Red Army invades Azerbaijan and forces Armenia to accept communist−dominated government.

1921 Red Army invades Georgia and drives out Zhordania government.

1922 Transcaucasian Soviet Federated Socialist Republic combines Armenia, Azerbaijan, and Georgia as single republic within Soviet Union.

1936 Armenia, Azerbaijan, and Georgia become separate republics within Soviet Union.

1936−37 Purges under political commissar Lavrenti Beria reach their peak in Armenia, Azerbaijan, and Georgia.

1943 Autonomy restored to Georgian Orthodox Church.

1946 Western powers force Soviet Union to abandon Autonomous Government of Azerbaijan, formed in 1945 after Soviet occupation of northern Iran.

1959 Nikita S. Khrushchev purges Azerbaijani Communist Party.

1969 Heydar Aliyev named head of Azerbaijani Communist Party.

ca. 1970 Zviad Gamsakhurdia begins organizing dissident Georgian nationalists.

1972 Eduard Shevardnadze named first secretary of Georgian Communist Party.

1974 Moscow installs regime of Karen Demirchian in Armenia to end party corruption; regime later removed for corruption.

1978 Mass demonstrations prevent Moscow from making Russian an official language of Georgia.

1982 Aliyev of Azerbaijan named full member of Politburo of Communist Party of the Soviet Union.

1985 Shevardnadze named minister of foreign affairs of Soviet Union and leaves post as first secretary of Georgian Communist Party.

Late 1980s Mikhail S. Gorbachev initiates policies of *glasnost* and *perestroika* throughout Soviet Union.

1988 Armenian nationalist movement revived by Karabakh and corruption concerns.

February Nagorno−Karabakh government votes to unify that autonomous region of Azerbaijan with Armenia.

December Disastrous earthquake in northern Armenia heavily damages Leninakan (now Gyumri).

1989 April Soviet troops kill Georgian civilian demonstrators in Tbilisi, radicalizing Georgian public opinion.

Spring Mass demonstrations in Armenia achieve release of Karabakh Committee arrested by Soviets to quell nationalist movement.

September Azerbaijan begins blockade of Armenian fuel and supply lines over Karabakh issue.

Fall Azerbaijani opposition parties lead mass protests against Soviet rule; national sovereignty officially proclaimed.

November Nagorno−Karabakh National Council declares unification of Nagorno−Karabakh with Armenia.

1990 January Moscow sends troops to Azerbaijan, nominally to stem violence against Armenians over Karabakh.

Spring Levon Ter−Petrosian of Armenian Pannational Movement chosen chairman of Armenian Supreme Soviet.

October In first multiparty election held in Georgia, Gamsakhurdia's oppositionist party crushes communists; Gamsakhurdia named president.

1991 January Georgian forces invade South Ossetia in response to independence movement there; fighting continues all year; Soviet troops invade Azerbaijan, ostensibly to halt anti−Armenian pogroms.

April After referendum approval, Georgian parliament declares Georgia independent of Soviet Union.

May Gamsakhurdia becomes first president of Georgia, elected directly in multiparty election.

August Attempted coup against Gorbachev in Moscow fails.

September Armenian voters approve national independence.

October Azerbaijani referendum declares Azerbaijan independent of Soviet Union; Ter−Petrosian elected president of Armenia.

December Armenians in Nagorno−Karabakh declare independent state as fighting there continues; Soviet Union officially dissolved.

1992 January Gamsakhurdia driven from Georgia into exile by opposition forces.

March Shevardnadze returns to Tbilisi and forms new government.

Spring Armenian forces occupy Lachin corridor linking Nagorno−Karabakh to Armenia.

June Abulfaz Elchibey elected president of Azerbaijan and forms first postcommunist government there.

July Cease−fire mediated by Russia's President Yeltsin in South Ossetia.

October Parliamentary election held in Georgia; Shevardnazde receives overwhelming support.

Fall Fighting begins between Abkhazian independence forces and Georgian forces; large−scale refugee displacement continues through next two years.

June Military coup deposes Elchibey in Azerbaijan; Aliyev returns to power.

Fall Multilateral negotiations seek settlement of Karabakh conflict, without result; fighting, blockade, and international negotiation continue into 1994.

October Shevardnadze responds to deterioration of Georgian military position by having Georgia join Commonwealth of Independent States, thus gaining Russian military support; Aliyev elected president of Azerbaijan.

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Introduction

Figure 1. Armenia, Azerbaijan, and Georgia: Geographic Setting, 1994 Figure 2. Armenia, Azerbaijan, and Georgia: Topography and Drainage

Figure 3. Nagorno−Karabakh, 1994
THE THREE REPUBLICS of Transcaucasia Armenia, Azerbaijan, and Georgia were included in the Soviet Union in the early 1920s after their inhabitants had passed through long and varied periods as separate nations and as parts of neighboring empires, most recently the Russian Empire. By the time the Soviet Union dissolved at the end of 1991, the three republics had regained their independence, but their economic weakness and the turmoil surrounding them jeopardized that independence almost immediately. By 1994 Russia had regained substantial influence in the region by arbitrating disputes and by judiciously inserting peacekeeping troops. Geographically isolated, the three nations gained some Western economic support in the early 1990s, but in 1994 the leaders of all three asserted that national survival depended chiefly on diverting resources from military applications to restructuring economic and social institutions.

Location at the meeting point of southeastern Europe with the western border of Asia greatly influenced the histories of the three national groups forming the present−day Transcaucasian republics (see fig. 1; fig. 2).

Especially between the twelfth and the twentieth centuries, their peoples were subject to invasion and control by the Ottoman, Persian, and Russian empires. But, with the formation of the twentieth−century states named for them, the Armenian, Azerbaijani, and Georgian peoples as a whole underwent different degrees of displacement and played quite different roles. For example, the Republic of Azerbaijan that emerged from the Soviet Union in 1991 contains only 5.8 million of the world's estimated 19 million Azerbaijanis, with most of the balance living in Iran across a southern border fixed when Persia and Russia in the nineteenth century. At the same time, slightly more than half the world's 6.3 million Armenians are widely scattered outside the borders of the Republic of Armenia as a result of a centuries−long diaspora and step−by−step reduction of their national territory. In contrast, the great majority of the world's Georgian population lives in the Republic of Georgia (together with ethnic minorities constituting about 30 percent of the republic's population), after having experienced centuries of foreign domination but little forcible alteration of national boundaries.

The starting points and the outside influences that formed the three cultures also were quite different. In pre−Christian times, Georgia's location along the Black Sea opened it to cultural influence from Greece.

During the same period, Armenia was settled by tribes from southeastern Europe, and Azerbaijan was settled by Asiatic Medes, Persians, and Scythians. In Azerbaijan, Persian cultural influence dominated in the formative period of the first millennium B.C. In the early fourth century, kings of Armenia and Georgia accepted Christianity after extensive contact with the proselytizing early Christians at the eastern end of the Mediterranean. Following their conversion, Georgians remained tied by religion to the Roman Empire and later the Byzantine Empire centered at Constantinople. Although Armenian Christianity broke with Byzantine Orthodoxy very early, Byzantine occupation of Armenian territory enhanced the influence of Greek culture on Armenians in the Middle Ages.

In Azerbaijan, the Zoroastrian religion, a legacy of the early Persian influence there, was supplanted in the seventh century by the Muslim faith introduced by conquering Arabs. Conquest and occupation by the Turks added centuries of Turkic influence, which remains a primary element of secular Azerbaijani culture, notably in language and the arts. In the twentieth century, Islam remains the prevalent religion of Azerbaijan, with about three−quarters of the population adhering to the Shia (see Glossary) branch.

Golden ages of peace and independence enabled the three civilizations to individualize their forms of art and literature before 1300, and all have retained unique characteristics that arose during those eras. The Armenian, Azerbaijani, and Georgian languages also grew in different directions: Armenian developed from a combination of Indo−European and non−Indo−European language stock, with an alphabet based on the Greek; Azerbaijani, akin to Turkish and originating in Central Asia, now uses the Roman alphabet after periods of official usage of the Arabic and Cyrillic alphabets; and Georgian, unrelated to any major world language, use a Greek−based alphabet quite different from the Armenian.

Beginning in the eighteenth century, the Russian Empire constantly probed the Caucasus region for possible expansion toward the Black Sea and the Caspian Sea. These efforts engaged Russia in a series of wars with the Persian and Ottoman empires, both of which by that time were decaying from within. By 1828 Russia had annexed or had been awarded by treaty all of present− day Azerbaijan and Georgia and most of present−day Armenia. (At that time, much of the Armenian population remained across the border in the Ottoman Empire.)

Except for about two years of unstable independence following World War I, the Transcaucasus countries remained under Russian, and later Soviet, control until 1991. As part of the Soviet Union from 1922 to 1991, they underwent approximately the same degree of economic and political regimentation as the other constituent republics of the union (until 1936 the Transcaucasian Soviet Federated Socialist Republic included all three countries). The Sovietization process included intensive industrialization, collectivization of agriculture, and large−scale shifts of the rural work force to industrial centers, as well as expanded and standardized systems for education, health care, and social welfare. Although industries came under uniform state direction, private farms in the three republics, especially in Georgia, remained important agriculturally because of the inefficiency of collective farms.

The achievement of independence in 1991 left the three republics with inefficient and often crumbling remains of the Soviet−era state systems. In the years that followed, political, military, and financial chaos prevented reforms from being implemented in most areas. Land redistribution proceeded rapidly in Armenia and Georgia, although agricultural inputs often remained under state control. In contrast, in 1994 Azerbaijan still depended mainly on collective farms. Education and health institutions remained substantially the same centralized suppliers as they had in the Soviet era, but availability of educational and medical materials and personnel dropped sharply after 1991. The military conflict in Azerbaijan's Nagorno− Karabakh Autonomous Region put enormous stress on the health and social welfare systems of combatants Armenia and Azerbaijan, and Azerbaijan's blockade of Armenia, which began in 1989, caused acute shortages of all types of materials (see fig. 3).

The relationship of Russia to the former Soviet republics in the Transcaucasus caused increasing international concern in the transition years. The presence of Russian peacekeeping troops between Georgian and Abkhazian separatist forces remained an irritation to Georgian nationalists and an indication that Russia intended to intervene in that part of the world when opportunities arose. Russian nationalists saw such intervention as an opportunity to recapture nearby parts of the old Russian, and later Soviet empire. In the fall of 1994, in spite of strong nationalist resistance in each of the Transcaucasus countries, Russia was poised to improve its economic and military influence in Armenia and Azerbaijan, as it had in Georgia, if its mediation activities in Nagorno−Karabakh bore fruit.

The countries of Transcaucasia each inherited large state− owned enterprises specializing in products assigned by the Soviet system: military electronics and chemicals in Armenia, petroleum− based and textile industries in Azerbaijan, and chemicals, machine tools, and metallurgy in Georgia. As in most of the nations in the former Soviet sphere, redistribution and revitalization of such enterprises proved a formidable obstacle to economic growth and foreign investment in Armenia, Azerbaijan, and Georgia. Efforts at enterprise privatization were hindered by the stresses of prolonged military engagements, the staying power of underground economies that had defied control under communist and governments, the lack of commercial expertise, and the lack of a legal infrastructure on which to base new business relationships. As a result, in 1994 the governments were left with oversized, inefficient, and often bankrupt heavy industries whose operation was vital to provide jobs and to revive the national economies. At the same time, small private enterprises were growing rapidly, especially in Armenia and Georgia.

In the early 1990s, the Caucasus took its place among the regions of the world having violent post−Cold War ethnic conflict. Several wars broke out in the region once Soviet authority ceased holding the lid on disagreements that had been fermenting for decades. (Joseph V. Stalin's forcible relocation of ethnic groups after the redrawing of the region's political map was a chief source of the friction of the 1990s.) Thus, the three republics devoted

critical resources to military campaigns in a period when the need for internal restructuring was paramount.

In Georgia, minority separatist movements primarily on the part of the Ossetians and the Abkhaz, both given intermittent encouragement by the Soviet regime over the years demanded fuller recognition in the new order of the early 1990s. Asserting its newly gained national prerogatives, Georgia responded with military attempts to restrain separatism forcibly. A year−long battle in South Ossetia, initiated by Zviad Gamsakhurdia, post− Soviet Georgia's ultranationalist first president, reached an uneasy peace in mid−1992.

Early in 1992, however, the violent eviction of Gamsakhurdia from the presidency added another opponent of Georgian unity as the exiled Gamsakhurdia gathered his forces across the border.

In mid−1992 Georgian paramilitary troops entered the Abkhazian Autonomous Republic of Georgia, beginning a new conflict that in 1993 threatened to break apart the country. When Georgian troops were driven from Abkhazia in September 1993, Georgia's President Eduard Shevardnadze was able to gain Russian military aid to prevent the collapse of the country. In mid−1994 an uneasy cease−fire was in force; Abkhazian forces controlled their entire region, but no negotiated settlement had been reached. Life in Georgia had stabilized, but no permanent answers had been found to ethnic claims and counterclaims.

For Armenia and Azerbaijan, the center of nationalist self−expression in this period was the Nagorno−Karabakh Autonomous Region of Azerbaijan. After the Armenian majority there declared unification with Armenia in 1988, ethnic conflict broke out in both republics, leaving many Armenians and Azerbaijanis dead. For the next six years, battles raged between Armenian and Azerbaijani regular forces and between Armenian militias from Nagorno−Karabakh (mountainous Karabakh in Russian), and foreign mercenaries, killing thousands in and around Karabakh and causing massive refugee movements in both directions. Armenian military forces, better supplied and better organized, generally gained ground in the conflict, but the sides were evened as Armenia itself was devastated by six years of Azerbaijani blockades. In 1993 and early 1994, international mediation efforts were stymied by the intransigence of the two sides and by competition between Russia and the Conference on Security and Cooperation in Europe (CSCE see Glossary) for the role of chief peace negotiator.

ARMENIA Armenia, in the twentieth century the smallest of the three republics in size and population, has undergone the greatest change in the location of its indigenous population. After occupying eastern Anatolia (now eastern Turkey) for nearly 2,000 years, the Armenian population of the Ottoman Empire was extinguished or driven out by 1915 adding to a diaspora that had begun centuries earlier. After 1915, only the eastern population, in and around Erevan, remained in its original location. In the Soviet era, Armenians preserved their cultural traditions, both in Armenia and abroad. The Armenian people's strong sense of unity has been reinforced by periodic threats to their existence. When Armenia, Azerbaijan, and Georgia gained their independence in 1991, Armenia possessed the fewest natural and man−made resources upon which to build a new state. Fertile agricultural areas are relatively small, transportation is limited by the country's landlocked position and mountainous terrain (and, beginning in 1989, by the Azerbaijani blockade), and the material base for industry is not broad. A high percentage of cropland requires irrigation, and disorganized land privatization has delayed the benefits that should result from reducing state agricultural control. Although harvests were bountiful in 1993, gaps in support systems for transport and food processing prevented urban populations from benefiting.

The intensive industrialization of Armenia between the world wars was accomplished within the controlled barter system of the Soviet republics, not within a separate economic unit. The specialized industrial roles assigned Armenia in the Soviet system offered little of value to the world markets from which the republic had been protected until 1991. Since 1991 Armenia has sought to reorient its Soviet−era scientific−research, military electronics, and chemicals infrastructures to satisfy new demands, and international financial assistance has been forthcoming. In the meantime, basic items of Armenian manufacturing, such as textiles, shoes, and carpets, have remained exportable. However, the extreme paucity of energy sources little coal, natural gas, or petroleum is

extracted in Armenia always has been a severe limitation to industry. And about 30 percent of the existing industrial infrastructure was lost in the earthquake of 1988. Desperate crises arose throughout society when Azerbaijan strangled energy imports that had provided over 90 percent of Armenia's energy. Every winter of the early 1990s brought more difficult conditions, especially for urban Armenians.

In the early 1990s, the Armenian economy was also stressed by direct support of Karabakh self−determination Karabakh, which received massive shipments of food and other materials through the Lachin corridor that Karabakh Armenian forces had opened across southwestern Azerbaijan. Although Karabakh sent electricity to Armenia in return, the balance of trade was over two to one in favor of Karabakh, and Armenian credits covered most of Karabakh's budget deficits. Meanwhile, Armenia remained a command rather than a free−market economy to ensure that the military received adequate economic support.

In addition to the Karabakh conflict, wage, price, and social welfare conditions have caused substantial social unrest since independence. The dram (for value of the dram see Glossary), the national currency introduced in 1992, underwent almost immediate devaluation as the national banking system tried to stabilize international exchange rates. Accordingly, in 1993 prices rose to an average of 130 percent of wages, which the government indexed through that year. The scarcity of many commodities, caused by the blockade, also pushed prices higher. In the first post−Soviet years, and especially in 1993, plant closings and the energy crisis caused unemployment to more than double. At the same time, the standard of living of the average Armenian deteriorated; by 1993 an estimated 90 percent of the population were living below the official poverty line.

Armenia's first steps toward democracy were uneven. Upon declaring independence, Armenia adapted the political system, set forth in its Soviet−style 1978 constitution, to the short− term requirements of governance.

The chief executive would be the chairman of Armenia's Supreme Soviet, which was the chief legislative body of the new republic but in independent Armenia the legislature and the executive branch would no longer merely rubber−stamp policy decisions handed down from Moscow.

The inherited Soviet system was used in the expectation that a new constitution would prescribe Western−style institutions in the near future. However, between 1992 and 1994 consensus was not reached between factions backing a strong executive and those backing a strong legislature.

At the center of the dispute over the constitution was Levon Ter−Petrosian, president (through late 1994) of post−Soviet Armenia. Beginning in 1991, Ter−Petrosian responded to the twin threats of political chaos and military defeat at the hands of Azerbaijan by accumulating extraordinary executive powers. His chief opposition, a faction that was radically nationalist but held few seats in the fragmented Supreme Soviet, sought to build coalitions to cut the president's power, then to finalize such a move in a constitution calling for a strong legislature. As they had on other legislation, however, the chaotic deliberations of parliament yielded no decision. Ter−Petrosian was able to continue his pragmatic approach to domestic policy, privatizing the economy whenever possible, and to continue his moderate, sometimes conciliatory, tone on the Karabakh issue.

Beginning in 1991, Armenia's foreign policy also was dictated by the Karabakh conflict. After independence, Russian troops continued serving as border guards and in other capacities that Armenia's new national army could not fill. Armenia, a charter member of the Russian−sponsored Commonwealth of Independent States (CIS see Glossary), forged security agreements with CIS member states and took an active part in the organization. After 1991 Russia remained Armenia's foremost trading partner, supplying the country with fuel. As the Karabakh conflict evolved, Armenia took a more favorable position toward Russian leadership of peace negotiations than did Azerbaijan.

The dissolution of the Soviet Union made possible closer relations with Armenia's traditional enemy Turkey, whose membership in the North Atlantic Treaty Organization (NATO see Glossary) had put it on the opposite

side in the Cold war. In the Karabakh conflict, Turkey sided with Islamic Azerbaijan, blocking pipeline deliveries to Armenia through its territory. Most important, Turkey withheld acknowledgment of the 1915 massacre, without which no Armenian government could permit a rapprochement. Nevertheless, tentative contacts continued throughout the early 1990s.

In spite of pressure from nationalist factions, the Ter− Petrosian government held that Armenia should not unilaterally annex Karabakh and that the citizens of Karabakh had a right to self−determination (presumably meaning either independence or union with Armenia). Although Ter−Petrosian maintained contact with Azerbaijan's President Heydar Aliyev, and Armenia officially accepted the terms of several peace proposals, recriminations for the failure of peace talks flew from both sides in 1993.

The United States and the countries of the European Union (EU) have aided independent Armenia in several ways, although the West has criticized Armenian incursions into Azerbaijani territory. Humanitarian aid, most of it from the United States, played a large role between 1991 and 1994 in Armenia's survival through the winters of the blockade. Armenia successively pursued aid from the European Bank for Reconstruction and Development, the International Monetary Fund (IMF see Glossary), and the World Bank (see Glossary).

Two categories of assistance, humanitarian and technical, were offered through those lenders. Included was aid for recovery from the 1988 earthquake, whose destructive effects were still being felt in Armenia's industry and transportation infrastructure as of late 1994.

After the Soviet Union collapsed, Armenia's national security continued to depend heavily on the Russian military. The officer corps of the new national army created in 1992 included many Armenian former officers of the Soviet army, and Russian institutes trained new Armenian officers. Two Russian divisions were transferred to Armenian control, but another division remained under full Russian control on Armenian soil.

Internal security was problematic in the transitional years. The Ministry of Internal Affairs, responsible for internal security agencies, remained outside regular government control, as it had been in the Soviet period.

This arrangement led to corruption, abuses of power, and public cynicism, a state of affairs that was especially serious because the main internal security agency acted as the nation's regular police force. The distraction of the Karabakh crisis combined with security lapses to stimulate a rapid rise in crime in the early 1990s. The political situation was also complicated by charges of abuse of power exchanged by high government officials in relation to security problems.

By the spring of 1994, Armenians had survived a fourth winter of acute shortages, and Armenian forces in Karabakh had survived the large−scale winter offensive that Azerbaijan launched in December 1993. In May 1994, a flurry of diplomatic activity by Russia and the CIS, stimulated by the new round of fighting, produced a cease−fire that held, with some violations, through the summer. A lasting treaty was delayed, however, by persistent disagreement over the nationality of peacekeeping forces that would occupy Azerbaijan. Azerbaijan resisted the return of Russian troops to its territory, while the Russian plan called for at least half the forces to be Russian. On both diplomatic and economic fronts, new signs of stability caused guarded optimism in Armenia in the fall of 1994.

The failure of the CSCE peace plan, which Azerbaijan supported, had caused that country to mount an all−out, human− wave offensive in December 1993 and January 1994, which initially pushed back Armenian defensive lines in Karabakh and regained some lost territory. When the offensive stalled in February, Russia's minister of defense, Pavel Grachev, negotiated a cease− fire, which enabled Russia to supplant the CSCE as the primary peace negotiator. Intensive Russian−sponsored talks continued through the spring, although Azerbaijan mounted air strikes on Karabakh as late as April. In May 1994, Armenia, Azerbaijan, and Nagorno−Karabakh signed the CIS−sponsored Bishkek Protocol, calling for a cease−fire and the beginning of troop withdrawals. In July the

defense ministers of the three jurisdictions officially extended the cease−fire, signaling that all parties were moving toward some combination of the Russian and the CSCE peace plans. In September the exchange of Armenian and Azerbaijani prisoners of war began.

Under these conditions, Russia was able to intensify its three−way diplomatic gambit in the Transcaucasus, steadily erasing Armenians' memory of airborne Soviet forces landing unannounced as a show of strength in 1991. In the first half of 1994, Armenia moved closer to Russia on several fronts. A February treaty established bilateral barter of vital resources. In March Russia agreed to joint operation of the Armenian Atomic Power Station at Metsamor, whose scheduled 1995 reopening is a vital element in easing the country's energy crisis. Also in March, Armenia replaced its mission in Moscow with a full embassy. In June the Armenian parliament approved the addition of airborne troops to the Russian garrison at Gyumri near the Turkish border. Then in July, Russia extended 100 billion rubles (about US$35 million at that time) for reactivation of the Metsamor station, and Armenia signed a US$250 million contract with Russia for Armenia to process precious metals and gems supplied by Russia. In addition, Armenia consistently favored the Russian peace plan for Nagorno−Karabakh, in opposition to Azerbaijan's insistence on reviving the CSCE plan that prescribed international monitors rather than combat troops (most of whom would be Russian) on Azerbaijani soil.

Armenia was active on other diplomatic fronts as well in 1994. President Ter−Petrosian made official visits to Britain's Prime Minister John Major in February (preceding Azerbaijan's Heydar Aliyev by a few weeks when the outcome of the last large− scale campaign in the Karabakh conflict remained in doubt) and to President William J. Clinton in the United States in August. Clinton promised more active United States support for peace negotiations, and an exchange of military attachés was set. While in Washington, Ter−Petrosian expressed interest in joining the NATO Partnership for Peace, in which Azerbaijan had gained membership three months earlier.

Relations with Turkey remained cool, however. In 1994 Turkey continued its blockade of Armenia in support of Azerbaijan and accused Armenia of fostering rebel activity by Kurdish groups in eastern Turkey; it reiterated its denial of responsibility for the 1915 massacre of Armenians in the Ottoman Empire. In June these policies prompted Armenia to approve the security agreement with Russia that stationed Russian airborne troops in Armenia near the Turkish border. In July Armenia firmly refused Turkey's offer to send peacekeeping forces to Nagorno−Karabakh. Thus, Armenia became an important player in the continuing contest between Russia and Turkey for influence in the Black Sea and Caucasus regions. Armenians considered the official commemoration by Israel and Russia of the 1915 Armenian massacre a significant advancement in the country's international position.

Early in 1994, Armenia's relations with Georgia worsened after Azerbaijani terrorists in Georgia again sabotaged the natural gas pipeline supplying Armenia through Georgia. Delayed rail delivery to Armenia of goods arriving in Georgian ports also caused friction. Underlying these stresses were Georgia's unreliable transport system and its failure to prevent violent acts on Georgian territory. Pipeline and railroad sabotage incidents continued through mid−1994.

The domestic political front remained heated in 1994. As the parliamentary elections of 1995 approached, Ter−Petrosian's centrist Armenian Pannational Movement (APM), which dominated political life after 1991, had lost ground to the right and the left because Armenians were losing patience with economic hardship.

Opposition newspapers and citizens' groups, which Ter− Petrosian refused to outlaw, continued their accusations of official corruption and their calls for the resignation of the Ter−Petrosian government early in the year. Then, in mid−1994 the opposition accelerated its activity by mounting antigovernment street demonstrations of up to 50,000 protesters.

In the protracted struggle over a new constitution, the opposition intensified rhetoric supporting a document built around a strong legislature rather than the strong−executive version supported by Ter−Petrosian. By the fall of

1994, little progress had been made even on the method of deciding this critical issue. While opposition parties called for a constitutional assembly, the president offered to hold a national referendum, following which he would resign if defeated.

Economic conditions were also a primary issue for the opposition. The value of the dram, pegged at 14.5 to the United States dollar when it was established in November 1993, had plummeted to 390 to the dollar by May 1994. In September a major overhaul of Armenia's financial system was under way, aimed at establishing official interest rates and a national credit system, controlling inflation, opening a securities market, regulating currency exchange, and licensing lending institutions. In the overall plan, the Central Bank of Armenia and the Erevan Stock Exchange assumed central roles in redirecting the flow of resources toward production of consumer goods. And government budgeting began diverting funds from military to civilian production support, a step advertised as the beginning of the transition from a command to a market economy.

This process included the resumption of privatization of state enterprises, which had ceased in mid−1992, including full privatization of small businesses and cautious partial privatization of larger ones. In mid−1994 the value of the dram stabilized, and industrial production increased somewhat. As another winter approached, however, the amount of goods and food available to the average consumer remained at or below subsistence level, and social unrest threatened to increase.

In September Armenia negotiated terms for the resumption of natural gas deliveries from its chief supplier, Turkmenistan, which had threatened a complete cutoff because of outstanding debts. Under the current agreement, all purchases of Turkmen gas were destined for electric power generation in Armenia. Also in September, the IMF offered favorable interest rates on a loan of US$800 million if Armenia raised consumer taxes and removed controls on bread prices. Armenian officials resisted those conditions because they would further erode living conditions.

Thus in mid−1994 Armenia, blessed with strong leadership and support from abroad but cursed with a poor geopolitical position and few natural resources, was desperate for peace after the Karabakh Armenians had virtually won their war for self− determination. With many elements of post−Soviet economic reform in place, a steady flow of assistance from the West, and an end to the Karabakh conflict in sight, Armenia looked forward to a new era of development.

AZERBAIJAN Azerbaijan, the easternmost and largest of the Transcaucasus states in size and in population, has the richest combination of agricultural and industrial resources of the three states. But Azerbaijan's quest for reform has been hindered by the limited contact it had with Western institutions and cultures before the Soviet era began in 1922.

Although Azerbaijan normally is included in the three−part grouping of the Transcaucasus countries (and was so defined politically between 1922 and 1936), it has more in common culturally with the Central Asian republics east of the Caspian Sea than with Armenia and Georgia. The common link with the latter states is the Caucasus mountain range, which defines the topography of the northern and western parts of Azerbaijan.

A unique aspect of Azerbaijan's political geography is the enclave of the Nakhichevan Autonomous Republic, created by the Soviet Union in 1924 in the area between Armenia and Iran and separated from the rest of Azerbaijan by Armenian territory. In 1924 the Soviet Union also created the Nagorno−Karabakh Autonomous Region within Azerbaijan, an enclave whose population was about 94 percent Armenian at that time and remained about 75 percent Armenian in the late 1980s.

Beginning in the last years of the Soviet Union and extending into the 1990s, the drive for independence by Nagorno−Karabakh's Armenian majority was an issue of conflict between Armenia, which insisted on self−determination for its fellow Armenians, and Azerbaijan, which cited historical acceptance of its sovereignty

whatever the region's ethnic composition. By the 1991 independence struggle was an issue of de facto war between Azerbaijan and the Karabakh Armenians, who by 1993 controlled all of Karabakh and much of adjoining Azerbaijan.

The population of Azerbaijan, already 83 percent Azerbaijani before independence, became even more homogeneous as members of the two principal minorities, Armenians and Russians, emigrated in the early 1990s and as thousands of Azerbaijanis immigrated from neighboring Armenia. The heavily urbanized population of Azerbaijan is concentrated around the cities of Baku, Gyandzha, and Sumgait.

Like the other former Soviet republics, Azerbaijan began in 1991 to seek the right combination of indigenous and borrowed qualities to replace the awkwardly imposed economic and political imprint of the Soviet era.

And, like Armenia and Georgia, Azerbaijan faced the complications of internal political disruption and military crisis in the first years of this process.

For more than 100 years, Azerbaijan's economy has been dominated by petroleum extraction and processing.

In the Soviet system, Azerbaijan's delegated role had evolved from supplying crude oil to supplying oil−extraction equipment, as Siberian oil fields came to dominate the Soviet market and as Caspian oil fields were allowed to deteriorate. Although exploited oil deposits were greatly depleted in the Soviet period, the economy still depends heavily on industries linked to oil. The country also depends heavily on trade with Russia and other former Soviet republics. Azerbaijan's overall industrial production dropped in the early 1990s, although not as drastically as that of Armenia and Georgia. The end of Soviet−supported trade connections and the closing of inefficient factories caused unemployment to rise and industrial productivity to fall an estimated 26 percent in 1992; acute inflation caused a major economic crisis in 1993.

Azerbaijan did not restructure its agriculture as quickly as did Armenia and Georgia; inefficient Soviet methods continued to hamper production, and the role of private initiative remained small. Agriculture in Azerbaijan also was hampered by the conflict in Nagorno−Karabakh, which was an important source of fruits, grain, grapes, and livestock. As much as 70 percent of Azerbaijan's arable land was occupied by military forces at some stage of the conflict.

In spite of these setbacks, Azerbaijan's economy remains the healthiest among the three republics, largely because unexploited oil and natural gas deposits are plentiful (although output declined in the early 1990s)

and because ample electric−power generating plants are in operation. Azerbaijan has been able to attract Western investment in its oil industry in the post−Soviet years, although Russia remains a key oil customer and investor. In 1993 the former Soviet republics remained Azerbaijan's most important trading partners, and state bureaucracies still controlled most foreign trade. Political instability in Baku, however, continued to discourage Turkey, a natural trading partner, from expanding commercial relations.

The political situation of Azerbaijan was extremely volatile in the first years of independence. With performance in Nagorno− Karabakh rather than achievement of economic and political reform as their chief criterion, Azerbaijanis deposed presidents in 1992 and 1993, then returned former communist party boss Heydar Aliyev to power. In 1992, in the country's first and only free election, the people had chosen Abulfaz Elchibey, leader of the Azerbaijani Popular Front (APF), as president. Meanwhile, the Azerbaijani Communist Party, formally disbanded in 1991, retained positions of political and economic power and was key in the coup that returned Aliyev to power in June 1993. Former communists dominated policy making in the government Aliyev formed after his rubber−stamp election as president the following October. However, the APF remained a formidable opposition force, especially critical of any sign of weakness on the Nagorno− Karabakh issue.

During the transition period, the only national legislative body was the Melli−Majlis (National Council), a fifty−member interim assembly that came under the domination of former communists and, by virtue of postponing parliamentary elections indefinitely, continued to retain its power in late 1994. Aliyev promised a new constitution and democratic rule, but he prolonged his dictatorial powers on the pretext of the continuing military emergency. Work on a new constitution was begun in 1992, but the Nagorno−Karabakh conflict and political turmoil delayed its completion; meanwhile, elements of the 1978 constitution (based on the 1977 constitution of the Soviet Union) remain the highest law of the land, supplemented only by provisions of the 1991 Act of Independence.

Azerbaijan's post−Soviet foreign policy attempted to balance the interests of three stronger, often mutually hostile, neighbors Iran, Russia, and Turkey while using those nations' interests in regional peace to help resolve the Karabakh conflict. The Elchibey regime of 1992−93 leaned toward Turkey, which it saw as the best mediator in Karabakh. Armenia took advantage of this strategy, however, to form closer ties with Russia, whose economic assistance it needed desperately. Beginning in 1993, Aliyev sought to rekindle relations with Russia and Iran, believing that Russia could negotiate a positive settlement in Karabakh. Relations with Turkey were carefully maintained, however.

Beginning in 1991, Azerbaijan's external national security was breached by the incursion of the Armenian separatist forces of Karabakh militias and reinforcements from Armenia. Azerbaijan's main strategy in this early period was to blockade landlocked Armenia's supply lines and to rely for national defense on the Russian 4th Army, which remained in Azerbaijan in 1991. Clashes between Russian troops and Azerbaijani civilians in 1991 and the collapse of the Soviet Union, however, led Russia to a rapid commitment for withdrawal of troops and equipment, which was completed in mid−1993.

Under those circumstances, a new, limited national armed force was planned in 1992, and, as had been done in Armenia, the government appealed to Azerbaijani veterans of the Soviet army to defend their homeland.

But the force took shape slowly, and outside assistance mercenaries and foreign training officers were summoned to stem the Armenian advance that threatened all of southern Azerbaijan. In 1993 continued military failures brought reports of mass desertion and subsequent large−scale recruitment of teenage boys, as well as wholesale changes in the national defense establishment.

In the early 1990s, the domestic and international confusion bred by the Karabakh conflict increased customs violations, white−collar crime, and threats to the populace by criminal bands. The role of Azerbaijanis in the international drug market expanded noticeably. In 1993 the Aliyev government responded to these problems with a major reform of the Ministry of Internal Affairs, which had been plagued by corruption and incompetence, but experts agreed that positive results required a more stable overall atmosphere.

In December 1993, Azerbaijan launched a major surprise attack on all fronts in Karabakh, using newly drafted personnel in wave attacks, with air support. The attack initially overwhelmed Armenian positions in the north and south but ultimately was unsuccessful. An estimated 8,000 Azerbaijani troops died in the two−month campaign, which Armenian authorities described as Azerbaijan's best−planned offensive of the conflict.

When the winter offensive failed, Aliyev began using diplomatic channels to seek peace terms acceptable to his constituents, involving Russia as little as possible. Already in March, the chairman of the Azerbaijani parliament had initiated a private meeting with his opposite number from Armenia, an event hailed in the Azerbaijani press as a major Azerbaijani peace initiative. Official visits by Aliyev to Ankara and London early in 1994 yielded little additional support for Azerbaijan's position. (Turkey remained suspicious of Aliyev's communist background.)

At this point, Azerbaijan reasserted its support for the CSCE peace plan, which would use international monitors rather than military forces to enforce the cease−fire in Karabakh. Perhaps with the goal of avoiding further

military losses, Aliyev approved in May the provisional cease−fire conditions of the Bishkek Protocol, sponsored by the CIS. That agreement, which softened Azerbaijan's position on recognizing the sovereignty of Nagorno−Karabakh, was subsequently the basis for terms of a true armistice.

Azerbaijan's official position on armistice conditions remained unchanged, however, during the negotiations of the summer and fall of 1994, in the face of Armenia's insistence that only an armed peacekeeping force (inevitably Russian) could prevent new outbreaks of fighting. During that period, sporadic Azerbaijani attacks tended to confirm Armenia's judgment. At the same time, Aliyev urged that his countrymen take a more conciliatory position toward Russia. Aliyev argued that the Soviet Union, not Russia, had sent the troops who had killed Azerbaijanis when they arrived to keep peace with Armenia in 1990 and that Azerbaijan could profit from exploiting rather than rejecting the remaining ties between the two countries.

In May Aliyev signed the NATO Partnership for Peace agreement, giving Azerbaijan the associate status that NATO had offered to East European nations and the former republics of the Soviet Union in late 1993. The same month, Aliyev received a mid− level United States delegation charged with discussing diplomatic support for the Nagorno−Karabakh peace process, Caspian Sea oil exploration by United States firms, and bilateral trade agreements.

In July Aliyev extended his diplomacy to the Muslim world, visiting Saudi Arabia and Iran in an effort to balance his diplomatic contacts with the West. Iran was especially important because of its proximity to Karabakh and its interest in ending the conflict on its border. Iran responded to offers of economic cooperation by insisting that any agreement must await a peace treaty between Azerbaijan and Armenia.

In the fall of 1994, a seventeen−point peace agreement was drafted, but major issues remained unresolved.

Azerbaijani concerns centered on withdrawal of Armenian forces from Azerbaijani territory and conditions that would permit Azerbaijani refugees to return home. (An estimated 1 million Azerbaijanis had fled to other parts of Azerbaijan or Iran from occupied territory.) The top priorities for Armenia were ensuring security for Armenians in Karabakh and defining the status of the region prior to the withdrawal of forces.

A second result of the failed winter offensive of 1993−94 was a new crackdown by the Aliyev government on dissident activity. Early in 1994, censors in the Main Administration for Protecting State Secrets in the Press sharply increased censorship of material criticizing the regime, and the government cut the supply of paper and printing plates to opposition newspapers. In May a confrontation between Aliyev loyalists and opponents in the Melli−Majlis resulted in arrests of opposition leaders and reduction in the number of members required for a quorum to pass presidential proposals.

The issue behind the May dispute was Aliyev's handling of the Karabakh peace process. A variety of opposition parties and organizations claimed that the Bishkek Protocol had betrayed Azerbaijan by recognizing the sovereignty of Nagorno−Karabakh. A new coalition, the National Resistance Movement, was formed immediately after the May confrontation in the Mellis−Majlis. The movement's two principles were opposition to reintroduction of Russian forces in Azerbaijan and opposition to Aliyev's dictatorship. By the end of the summer, however, the movement had drawn closer to Aliyev's position on the first point, and the announcement of long−delayed parliamentary elections to be held in the summer of 1995 aimed to defuse charges of dictatorship. Draft election legislation called for replacing the temporary Melli−Majlis with a 150−seat legislature in 1995.

In October 1994, a military coup, supported by Prime Minister Suret Huseynov, failed to topple Aliyev.

Aliyev responded by declaring a two−month state of emergency, banning demonstrations, and taking military control of key positions. Huseynov, who had signed the Bishkek Protocol as Azerbaijan's representative, was

dismissed.

Price and wage levels continued to reduce the standard of living in Azerbaijan in 1994. Between mid−1993 and mid−1994, prices increased by an average of about sixteen times; from November 1993 to July 1994, the state−established minimum wage more than doubled. To speed conversion to a market economy, the ministries of finance and economics submitted plans in July to combine state−run enterprises in forms more suitable for privatization. Land privatization has proceeded cautiously because of strong political support for maintaining the Soviet− era state−farm system. In mid−1994 about 1 percent of arable land was in private hands, the bureaucratic process for obtaining private land remained long and cumbersome, and state allocation of equipment to private farmers was meager.

Meanwhile, in 1994 currency−exchange activity increased dramatically in Azerbaijani banks, bringing more foreign currency into the country. The ruble remained the most widely used foreign unit in 1994. In June, at the insistence of the IMF and the World Bank, the National Bank of Azerbaijan stopped issuing credit that lacked monetary backing, a practice that had fueled inflation and destabilized the economy.

The main hope for Azerbaijan's economic recovery lies in reviving exploitation of offshore oil deposits in the Caspian Sea. By 1993 these deposits had attracted strong interest among British, Norwegian, Russian, Turkish, and United States firms. Within a consortium of such firms, Russia would likely have a 10 percent share and provide the pipeline and the main port (Novorossiysk on the Black Sea) for export of Azerbaijan's oil. An agreement signed in September 1994 included United, British, Turkish, Russian, and Azerbaijani oil companies.

In the early 1990s, the development of Azerbaijan's foreign trade was skewed by the refusal of eighteen nations, including the United States, Canada, Israel, India, and the Republic of Korea (South Korea), to import products from Azerbaijan as long as the blockade of Armenia continued. At the same time, many of those countries sold significant amounts of goods in Azerbaijan. Overall, in the first half of 1994 one−third of Azerbaijan's imports came from the far abroad (all non−CIS trading partners), and 46 percent of its exports went outside the CIS. In that period, total imports exceeded total exports by US$140 million. At the same time, the strongest long−term commercial ties within the CIS were with Kazakhstan, Russia, Turkmenistan, and Ukraine.

Like Armenia, Azerbaijan was able to improve internal conditions only marginally while awaiting the relief of a final peace settlement in Karabakh. Unlike either of its Transcaucasus neighbors, however, Azerbaijan had the prospect of major large− scale Western investment once investment conditions improved. Combined with potential oil earnings, diplomatic approaches by President Aliyev in 1994 to a number of foreign countries, including all of Azerbaijan's neighbors, seemed to offer it a much−improved postwar international position. A great deal depended, however, on the smooth surrender of wartime emergency powers by the Aliyev government and on accelerating the stalled development of a market economy.

GEORGIA Georgia possesses the advantages of a subtropical Black Sea coastline and a rich mixture of Western and Eastern cultural elements. A combination of topographical and national idiosyncracies has preserved that cultural blend, whose chief impetus was the Georgian golden age of the twelfth and early thirteenth centuries, during long periods of occupation by foreign empires. Perhaps the most vivid result of this cultural independence is the Georgian language, unrelated to any other major tongue and largely unaffected by the languages of conquering peoples at least until the massive influx of technical loanwords at the end of the twentieth century.

Since independence, Georgia has had difficulty establishing solid political institutions. This difficulty has been caused by the distractions of continuing military crises and by the chronic indecision of policy makers about the country's proper long−term goals and the strategy to reach them. Also, like the other Transcaucasus states, Georgia lacks experience with the democratic institutions that are now its political ideal; rubber− stamp passage of Moscow's agenda is quite different from creation of a legislative program useful to an emerging nation.

As in Azerbaijan, Georgia's most pressing problem has been ethnic separatism within the country's borders.

Despite Georgia's modest size, throughout history all manifestations of a Georgian nation have included ethnic minorities that have conflicted with, or simply ignored, central power. Even in the golden age, when a central ruling power commanded the most widespread loyalty, King David the Builder was called King of the Abkhaz, the Kartvelians, the Ran, the Kakhetians, and the Armenians. In the twentieth century, arbitrary rearrangement of ethnic boundaries by the Soviet regime resulted in the sharpening of various nationalist claims after Soviet power finally disappeared. Thus, in 1991 the South Ossetians of Georgia demanded union with the Ossetians across the Russian border, and in 1992 the Abkhaz of Georgia demanded recognition as an independent nation, despite their minority status in the region of Georgia they inhabited.

As in Armenia and Azerbaijan, influential, intensely nationalist factions pushed hard for unqualified military success in the struggle for separatist territory. And, as in the other Transcaucasus nations, those factions were frustrated by military and geopolitical reality: in Georgia's case, an ineffective Georgian army required assistance from Russia, the imperialist neighbor against whom nationalists had sharpened their teeth only three years earlier, to save the nation from fragmentation. At the end of 1993, Russia seemingly had settled into a long−term role of peacekeeping and occupation between Georgian and Abkhazian forces.

The most unsettling internal crisis was the failed presidency of Zviad Gamsakhurdia, once a respected human rights advocate and the undisputed leader of Georgia's nationalist opposition as the collapse of the Soviet Union became imminent. In 1991 Gamsakhurdia's dictatorial and paranoid regime, followed by the bloody process of unseating him, gave Georgia a lasting reputation for instability that damaged prospects for foreign investment and for participation in international organizations.

The failure of the one−year Gamsakhurdia regime necessitated a new political beginning that coincided with the establishment of Eduard Shevardnadze as head of state in early 1992. Easily the most popular politician in Georgia and facing chronically fragmented opposition in parliament, Shevardnadze acquired substantial temporary executive powers as he maneuvered to maintain national unity. At the same time, his hesitation to imitate Gamsakhurdia's grab for power often left a vacuum that was filled by quarreling splinter parties with widely varied agendas. Shevardnadze preserved parts of his reform program by forming temporary coalitions that dissolved when a contentious issue appeared. Despite numerous calls for his resignation, and despite rampant government corruption and frequent shifts in his cabinet between 1992 and 1994, there were no other serious contenders for Shevardnadze's position as of late 1994.

Shevardnadze also used familiarity with the world of diplomacy to reestablish international contacts, gain sympathy for Georgia's struggle to remain unified, and seek economic ties wherever they might be available.

Unlike Armenia and Azerbaijan, Georgia did not arouse particular loyalty or hostility among any group of nations. In the first years of independence, Shevardnadze made special overtures to Russia, Turkey, and the United States and attempted to balance Georgia's approach to Armenia and Azerbaijan, its feuding neighbors in the Transcaucasus.

The collapse of the Soviet Union changed Georgia's economic position significantly, although industrial production already was declining in the last Soviet years. In the Soviet system, Georgia's assignment was mainly to supply the union with agricultural products, metal products, and the foreign currency collected by Georgian tourist attractions. This specialization made Georgia dependent on other Soviet republics for a wide range of products that were unavailable after 1991. Neither diversification nor meaningful privatization was possible, however, under the constant upheaval and energy shortages of the early 1990s. In addition, powerful organized criminal groups gained control of large segments of the national economy, including the export trade.

After the January 1992 fall of Gamsakhurdia's xenophobic regime, the maintenance of internal peace and unity was a critical national security issue. Although some progress was made in establishing a national armed force in 1994 the paramilitary organizations the Mkhedrioni (horsemen) and the National Guard

remained influential military forces in the fall of 1994. The small size and the poor organization of those groups had forced the request for Russian troop assistance in late 1993, which in turn renewed the national security dilemma of occupation by foreign troops. Meanwhile, civilian internal security forces, of which Shevardnadze took personal control in 1993, gained only partial victories over the crime wave that accompanied Georgia's post−Soviet upheavals. A series of reorganizations in security agencies failed to improve the protection of individuals against random crime or of the economic system against organized groups.

Through most of 1994, the Abkhazian conflict was more diplomatic than military. In spite of periodic hostilities, the uneasy truce line held along the Inguri River in far northwestern Georgia (in the campaign of October 1993, Georgian forces had been pushed out of all of Abkhazia except the far northern corner). The role of the 3,000 Russian peacekeepers on the border, and their relationship with United Nations (UN)

observers, was recognized by a resolution of the UN Security Council in July. Throughout that period, the issue of the return of as many as 300,000 Georgian refugees to Abkhazia was the main sticking point of negotiations. The Abkhaz saw the influx of so many Georgians as a danger to their sovereignty, which Georgia did not recognize, and the refugees' plight as a bargaining chip to induce further Georgian withdrawal. No settlement was likely before the refugee issue was resolved. Meanwhile, supporting the refugees placed additional stress on Georgian society.

A legal basis for the presence of Russian troops in Georgia had been established in a status−of−forces treaty between the two nations in January 1994. The treaty prescribed the authority and operating conditions of the Group of Russian Troops in the Caucasus (GRTC), which was characterized as on Georgian territory for a transitional period. In the summer of 1994, high−level bilateral talks covered Georgian−Russian military cooperation and further integration of CIS forces.

The Georgian economy continued to struggle in 1994, showing only isolated signs of progress. At the beginning of the year, state monopolies were reaffirmed in vital industries such as tea and food processing and electric power. By May, however, after prodding from the IMF, Shevardnadze began issuing decrees that eased privatization conditions. This policy spurred a noticeable acceleration of privatization in the summer of 1994. When the new stimulus began, about 23 percent of state enterprises had been privatized, and only thirty−nine joint−stock companies had formed out of the more than 900 large firms designated for that type of conversion. A voucher system for collecting private investment funds, delayed by a shortage of hard currency, finally began operating. But the state economic bureaucracy, entrenched since the Soviet era, was able to slow the privatization process when dispersal of economic power threatened its privileged position in 1994.

Between mid−1993 and mid−1994, prices rose by an average of 300 percent, and inflation severely eroded the government− guaranteed minimum wage. (In August the minimum wage, which was stipulated in coupons [for value of the coupon see Glossary], equaled US$0.33 per month.) Often wages were withheld for months because of the currency shortage. In September the government raised price standards sharply for basic food items, transportation, fuel, and services. Lump−sum payments to all citizens, designed to offset this cost, failed to reach many, prompting new calls for Shevardnadze's resignation. Under those conditions, most Georgians were supported by a vast network of unofficial economic activities.

In mid−1994 unemployment was estimated unofficially at 1.5 million people, nearly 50 percent of Georgia's working−age population. The exchange rate of the Georgian coupon stabilized in early 1994 after many months of high inflation, but by that time the coupon had been virtually displaced in private transactions by the ruble and the dollar. The national financial system remained chaotic especially in tax collection, customs, and import−export

operations. The first major state bank was privatized in the summer of 1994. In August parliament approved a major reform program for social welfare, pricing, and the financial system.

In July 1994, a Georgian−Russian conference on economic cooperation discussed transnational corporations and concluded some contracts for joint economic activities, but most Russian investors demanded stronger legal guarantees for their risks. Numerous Western firms established small joint ventures in 1994, but the most critical investment project under discussion sought to exploit the substantial oil deposits that had been located by recent Australian, British, Georgian, and United States explorations in the Black Sea shelf near Batumi and Poti. A first step in foreign involvement, an oil refinery near Tbilisi, received funding in July, but the Western firms demanded major reform of commercial legislation before expanding their participation.

Georgia experienced a major energy crisis in the winter of 1993−94; following the crisis, in mid−1994 Turkmenistan drastically reduced natural gas supplies because of unpaid debts. Some fuel aid was expected for the winter of 1994−95 from Azerbaijan, the EU, Iran, and Turkey. The output of the domestic oil industry increased sharply in mid−1994. As winter approached, Georgia also offered Turkmenistan new assurances of payment in return for resumption of natural gas delivery.

Georgia's communications system, a chronically weak infrastructure link that also had discouraged foreign investment, began integration into world systems in early 1994 when the country joined international postal, satellite, and electronic communications organizations. Joint enterprises with Australian, French, German, Turkish, and United States communications companies allowed the upgrading of the national telephone system and installation of fiber−optic cables.

In the first half of 1994, the most frequent topic of government debate was the role of Russian troops in Abkhazia. By that time, opposition nationalist parties had accepted the Russian presence but rejected Abkhazian delays in allowing the return of refugees and Shevardnadze's tolerance of those delays. In May Shevardnadze overcame parliament's objections to new concessions to the Abkhaz by threatening to resign.

The new agreement passed, and opposition leaders muted their demands for Shevardnadze's ouster in the belief that Russia was seeking to replace him with someone more favorable to Russian intervention.

Nevertheless, in the fall of 1994 few Georgian refugees had returned to Abkhazia.

Shevardnadze's exercise of extraordinary executive powers remained a hot issue in parliament. One faction called for reduced powers in the name of democracy, but another claimed that a still stronger executive was needed to enforce order. In a July poll, 48 percent of respondents said the government was obstructing the mass media. Although the 1992 state of emergency continued to restrict dissemination of information, the Georgian media consistently presented various opposition views. Likewise, the Zviadists, Gamsakhurdia's supporters, although banned from radio and television, continued to hold rallies under the leadership of a young radical, Irakli Tsereteli.

In 1994 the government took steps to improve the internal security situation. In the latest of a long series of organizational and leadership shuffles, Shevardnadze replaced the Emergency Committee, which had been headed by former Mkhedrioni leader Jaba Ioseliani, with the Emergency Coordinating Commission, headed by Shevardnadze, and gave the commission a vague mandate to coordinate economic, political, defense, and law−enforcement matters. Ioseliani, whose command of the Mkhedrioni still gave him great influence, became a deputy head of the commission.

Shevardnadze's attempt to form a new, one−battalion Georgian army was delayed throughout the first half of 1994. The Ministry of Defense continued drafting potential soldiers (a very high percentage of whom evaded recruitment) for the Georgian armed forces and streamlining its organization. In September the national budget

had not yet allocated wages, and sources of rations and equipment had not been identified mainly because parliament had not passed the necessary legislation. Ministry of Defense plans called for the country's remaining state farms to be designated for direct military supply, as was the practice in the Soviet era. The disposition of existing paramilitary forces remained undecided as of late 1994.

The intelligence service had been reorganized in late 1993 to include elite troops mandated to fight drug smuggling and organized crime. In the spring of 1994, new agencies were formed in the State Security Service to investigate fiscal crimes and to combat terrorism. And in August 1994, the Ministry of Internal Affairs announced a major new drive against organized crime and drug traffickers throughout Georgia.

Parliament and local jurisdictions offered indifferent support, however.

In 1994 Georgia began solving some of its most critical problems laying a political base for a market economy, solidifying to a degree Shevardnadze's position as head of state, stabilizing inflation, and avoiding large−scale military conflict. But long−term stability will depend on comprehensive reform of the entire economy, eradication of the corruption that has pervaded both government and economic institutions, redirection of resources from the Abkhazian conflict into a civilian infrastructure suitable for international trade (and for major loans from international lenders), and, ultimately, finding political leaders besides Shevardnadze who are capable of focusing Georgians' attention on building a nation, rather than on advancing local interests. All those factors will influence the other major imponderable: Russia's long−term economic and political influence in Georgia, which increased greatly in late 1993 and in the first half of 1994. October 18, 1994

In the months following preparation of this manuscript, a number of significant events occurred in the three countries of the Transcaucasus. Cease−fires in two major conflicts, between Abkhazia and Georgia and between Armenia and Nagorno−Karabakh on one side and Azerbaijan on the other, remained in effect despite periodic hostilities. Although the two sets of peace talks continued to encounter fundamental differences, signs of compromise emerged from both in the first months of 1995, with the assistance of international mediators. All three countries continued efforts to stabilize their economies, reduce crime, and normalize political systems distorted by lengthy states of emergency.

At the beginning of 1995, Armenia had made the most progress toward economic recovery and political stability, although its population suffered another winter of privation because of Azerbaijan's fuel blockade. In December a summit of the Organisation on Security and Cooperation in Europe (OSCE, formerly the CSCE)

had succeeded in merging OSCE and Russian peace efforts on Nagorno−Karabakh for the first time in an accord signed in Budapest. Russia was expected to become the head of the OSCE Minsk Group, which had been negotiating on behalf of Western Europe for the previous two years. In return, Russia accepted OSCE oversight of peacekeeping in the conflict zone. Armenia's President Ter−Petrosian reported the opening of three defense plants and full staffing of the Armenian Army in 1994, improving Armenia's national security position.

In November 1994, the World Bank announced loans to Armenia of US$265 million for infrastructural, agricultural, and energy applications. The bank cited Armenia's new reform program to control inflation and expand the private sector, together with the first increase in Armenia's gross national product (GNP see Glossary) since independence, as the reasons for this investment. In December the reform package went into effect. Expected to improve the standing of President Ter−Petrosian's embattled government, the reform included substantial reduction of the government's budget deficit, which had caused many workers to go unpaid and others, including teachers, to accept barely subsistence wages. The second major reform measure was ending government subsidies for basic staples, including bread and utilities a stringency measure highly unpopular in the short term but calculated to attract more international assistance. The price of bread rose by ten times as soon as the new law went into effect. In late 1994 and early 1995, Armenia also continued reestablishing commercial ties with Iran by signing a series of three economic treaties covering taxation, free trade, and capital investments. Beginning in

1992, commercial activity between the two countries had doubled annually, and the pace was expected to accelerate markedly in 1995.

Although the Armenian government had made more extensive preparations for another winter of hardship under the Azerbaijani blockade, conditions for the average Armenian were barely better than the year before.

In the winter of 1994−95, Armenia's chronic fuel shortage, and the rising social unrest caused by it, were relieved somewhat by a new fuel agreement with Georgia and Turkmenistan. The pact provided for substantial increases in delivery of Turkmen natural gas through the Georgian pipeline. Although this measure increased the daily electricity ration from one hour to two hours, long−term fuel increases depended on additional negotiations and of the payment of Armenia's substantial debt to Turkmenistan. In January the State Duma, the lower house of Russia's legislative body, was considering a major grant of credit to Armenia, which would be used in reopening the Armenian Atomic Power Station at Metsamor. The arrangement would be a major step in solidifying economic ties with Russia, which has also given technical assistance for the plant.

According to Armenian Ministry of Industry figures, 40 percent of the country's industrial 1994 output, worth a total of US$147 million, was sold for hard currency. Among the main customers were Iran, Syria, the United Arab Emirates, Cyprus, Belgium, and several North African countries. Although machinebuilding industries did not work at full capacity in 1994 because of a reduced market in Russia, industry was buoyed by the resumption of full production at the Nairit Chemical Plant after several years of shutdown. Nairit was expected to produce goods worth US$60 million per month in 1995.

Armenia's state commission for privatization vouchers began voucher distribution to the public in October 1994. At that point, vouchers for ten enterprises were available, with another fifty due for consideration in February 1995. High profitability was the chief criterion for listing enterprises for privatization. The Nairit plant and the Armenian Electrical Machine Plant, Armenia's largest and most profitable industrial facilities, were converted to private joint−stock enterprises in January 1995.

In Azerbaijan, hopes for economic improvement depended most on foreign investment in offshore oil deposits in the Caspian Sea. Those hopes were subdued somewhat by disagreements over the September 1994 agreement of Western, Russian, and Iranian oil interests to aid Socar, Azerbaijan's state oil company, to develop offshore deposits in the Caspian Sea.

Throughout the last months of 1994, Russia insisted that its 10 percent share of the new deal was unfair on the grounds that all Caspian countries should have equal access to Caspian resources. Russia also continued strong opposition to a new pipeline through Iran to Turkey, which the Western partners favored. The Western firms were dismayed by Azerbaijan's offer of 25 percent of its oil deal to Iran, by the political uncertainty that seemed to escalate in Azerbaijan after the oil deal was signed, and by the rapid deterioration of existing Caspian fields, many of which were deserted in early 1995. Experts agreed an important determinant of Azerbaijan's profit from the agreement would be the maintenance of world oil prices.

In December 1994, Russia's military occupation of its separatist Chechen Autonomous Republic closed the main rail line from Russia, the chief trade route to other CIS republics and elsewhere. Replacement trade routes were sought through Iran, Turkey, and the United Arab Emirates. At the same time, hyperinflation continued (the value of the manat had dropped to 4,300 per US$1 at the end of 1994, down from 120 manats per US$1 in October 1993), spurred by full liberalization of prices to conform with IMF credit requirements.

The 1995 budget deficit equaled 20 percent of the gross domestic product (GDP see Glossary). Foreign credit, especially loans from Turkey, was being used to provide food and social services needs exacerbated by the continuing influx of Karabakh refugees. Economic reform, meanwhile, was delayed by more immediate concerns. Most industries were operating at about 25 percent of capacity in the winter of 1994−95.

In the last months of 1994, Russia struggled to maintain influence in Azerbaijan. Its position was threatened by approval of the multinational Caspian oil deal in September and by the Azerbaijani perception that the West was restraining Armenian aggression in Karabakh. In November President Aliyev met with Russia's President Yeltsin, who offered 300,000 tons of Russian grain and the reopening of Russian railroad lines in an apparent effort to optimize Russia's influence throughout the Transcaucasus. Azerbaijani opposition parties, led by the Azerbaijani Popular Front (APF), continued to predict that Aliyev's overtures to Russia would return Russia to a dominant position in Azerbaijani political and economic affairs. Experts predicted, however, that Russia would continue to play a vital economic role; at the end of 1994, about 60 percent of Azerbaijan's trade turnover involved Russia.

In early 1995, the issue of Nagorno−Karabakh's status continued to stymie the peace talks jointly sponsored in Moscow by the OSCE and Russia under the Budapest agreement of November 1994. Although Azerbaijan had signed several agreements with Nagorno−Karabakh as a full participant, the extent of the region's autonomy remained a key issue, as did the terms of the liberation of Azerbaijan's Lachin and Shusha regions from Armenian occupation. The Azerbaijani position was that the principals of the negotiations were Armenia and Azerbaijan, with the respective Armenian and Azerbaijani communities in Nagorno−Karabakh as interested parties. (At the end of 1994, an estimated 126,000 Armenians and 37,000 Azerbaijanis remained in the region.) Azerbaijan lodged an official protest against Russian insistence that the Karabakh Armenians constituted a third principal. In February presidents Aliyev and Ter−Petrosian met with presidents Nursultan Nazarbayev of Kazakhstan and Shevardnadze of Georgia in Moscow and expressed optimism that the nine−month cease−fire would hold until complete settlement could be reached. Nazarbayev and the presidents of Russia and Ukraine offered to be guarantors of stability in Nagorno−Karabakh if Azerbaijan would guarantee the region's borders.

After the unsuccessful coup against him by Prime Minister Suret Huseynov in October 1994, Azerbaijan's President Heydar Aliyev maintained his position. Despite loud opposition from the APF and other parties, Aliyev appeared to occupy a strong position at the beginning of 1995. In early 1995, friction developed between Aliyev and Rusul Guliyev, speaker of the Melli− Majlis (National Council), each accusing the other of responsibility for worsening socioeconomic conditions. Former president Abulfaz Elchibey of the APF remained a vocal critic of Aliyev and had a substantial following.

In Georgia, the unresolved conflict with the Abkhazian Autonomous Republic remained the most important issue. The repatriation of Georgian refugees to Abkhazia, a process conducted very slowly by Abkhazian authorities in the early autumn of 1994, ended completely between November 1994 and January 1995.

Opposition parties in Georgia, especially the National Liberation Front led by former Prime Minister Tengiz Sigua, increased their pressure on the government to take action, likening Abkhazia to Russia's secessionist Chechen Autonomous Republic, which Russia invaded in December 1994. (In fact, the official position of the Shevardnadze government supported the Russian move, both because of the parallel with Abkhazia and because of the need for continued Russian military monitoring of the cease−fire.) In January an attempted march of 1,400 armed Georgian refugees into Abkhazia was halted by Georgian government troops, and organizer Tengiz Kitovani, former minister of defense, was arrested for having organized the group. Although the UN adopted resolutions in January condemning the Abkhazian refugee policy, UN officials saw little hope of a rapid change in the situation in 1995.

The issue of human rights continued to dog the Shevardnadze administration in late 1994 and early 1995. In February 1995, the Free Media Association of Georgia, which included most of the country's largest independent newspapers, officially protested police oppression and confiscation of newspapers. Newspaper production had already been restricted since the beginning of winter because of Georgia's acute energy shortage.

The Georgian political world was shocked by the assassination in December 1994 of Gia Chanturia, leader of the moderate opposition National Democratic Party and one of the country's most popular politicians.

Responsibility for the act was not established. Chanturia's death escalated calls for resignation of the Cabinet of Ministers, an outcome made more likely by the parliament's failure to pass Shevardnadze's proposed 1995 budget and by continued factionalism within the cabinet.

An important emerging figure was Minister of Defense Vardiko Nadibaidze, an army general entrusted in 1994 with finally developing a professional Georgian military force that would reduce reliance on outside forces (such as Russia's) to protect national security. At the end of 1994, Georgian forces were estimated at 15,000 ground troops, 3,000 air and air defense personnel, and 1,500 to 2,000 in the coastal defense force.

Economic reform continued unevenly under the direction of Vice Premier for Economics Temur Basilia. By design, inflation and prices continued to rise in the last months of 1994, and rubles and dollars remained the chief currency instead of the Georgian coupon. In a November 1994 poll, one−third of respondents said they spent their entire income on food. Distribution of privatization vouchers among the population was scheduled to begin in mid−1995. In November 1994, more than 1,500 enterprises had been privatized, most of them classified as commercial or service establishments. A group of Western and Japanese donors pledged a minimum of US$274 million in credits to Georgia in 1995, with another US$162 million available pending visible success" in economic reform.

In Geneva, peace talks between the Georgian government and the Abkhazian Autonomous Republic reached the eighteen−month mark; the major points of disagreement continued to be the political status of Abkhazia and the repatriation of Georgian refugees. The Abkhazian delegation insisted on equal status with Georgia in a new confederation. The Russian and UN mediators proposed a federal legislature and joint agencies for foreign policy, foreign trade, taxation, energy, communications, and human rights, providing Abkhazia substantially more autonomy than it had had when Georgia became independent but leaving open the question of relative power within such a system. In early February 1995, preliminary accord was reached on several points of the mediators' proposal.

As 1995 began, prospects for stability in the Transcaucasus were marginally better than they had been since the three countries achieved independence in 1991. Much depended on continued strong leadership from presidents Aliyev, Shevardnadze, and Ter−Petrosian, on a peaceful environment across the borders in Russia and Iran, and on free access to the natural resources needed to restart the national economies.

February 28, 1995 Glenn E. Curtis

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Chapter 1. Armenia

Country Profile
Armenian folk costume Data as of March 1994

Country

Formal Name: Republic of Armenia.

Short Form: Armenia.

Term for Citizens: Armenian(s).

Capital: Erevan.

Date of Independence: September 23, 1991.

Geography *Size:* Approximately 29,800 square kilometers.

Topography: Dominated by Lesser Caucasus range, running across north and then turning southeast to Iran.

Armenian Plateau to the southwest of mountains. Plateau, major feature of central Armenia, slopes gradually downward into Aras River valley, which forms border with Turkey to west and Iran to south.

Climate: Mountains preclude influence from nearby seas; temperature and precipitation generally determined by elevation: colder and wetter in higher elevations (north and northeast). In central plateau, wide temperature variation between winter and summer.

Society

Population: By official 1994 estimate, population 3,521,517; in 1994 annual growth rate about 1.1 percent; 1991 population density 112.6 persons per square kilometer.

Ethnic Groups: In 1989 census, Armenians 93.7 percent, Azerbaijanis 2.6 percent, Kurds 1.7 percent, Russians 1.6 percent, and other 0.4 percent.

Languages: Official state language Armenian, spoken by 96 percent of population. Russian first language of 2 percent, second language for about 40 percent of population.

Religion: Approximately 94 percent of population belongs to Armenian Apostolic Church. Other religions include Russian Orthodox, Roman Catholic, Protestant denominations, and Islam.

Education and Literacy: Education compulsory through secondary school. Literacy estimated at 100 percent.

In early 1990s, substantial changes, begun in previous centralized Soviet system, emphasized national heritage.

Health: Nominal continuation of Soviet−era guarantee of universal care, but health care system deteriorated under stress of independence and Nagorno−Karabakh conflict. Severe shortage of basic medical supplies in early 1990s, and many clinics and hospitals closed.

Economy

Gross National Product (GNP): Estimated at US$2.7 billion in 1992, or US$780 per capita. Growth rate in 1992 was 46 percent. Economic growth crippled after 1989 by Azerbaijani blockade of fuel and other materials and by demands of NagornoKarabakh conflict.

Industry and Mining: Dominant light manufacturing products include footwear, woven clothing, and carpets.

Nonferrous metallurgy, machine building, electronics, petrochemicals, fertilizers, and building materials most important heavy industries. Mining resource base broad, including copper, molybdenum, gold, silver, and iron ore, but little developed.

Agriculture: After privatization in 1990, assumed larger share of economy; most land privately owned by 1993. Farms small but relatively productive. Main crops grains, potatoes, vegetables, grapes, berries, cotton, sugar beets, tobacco, figs, and olives.

Energy: Nearly all energy supplied from abroad, causing severe shortage under blockade of early 1990s.

Natural gas, delivered from Turkmenistan via Georgia pipeline, frequently blocked. Hydroelectric plants main domestic source; natural gas supply from Russia intermittent because of pipeline damage.

Exports: In 1990 worth US$2.1 billion. Principal items textiles, shoes, carpets, machines, chemical products, processed foods, and metal products. Postcommunist export markets shifted toward Turkey and Iran, but traditional ties with Russia and Eastern Europe remained. License controls eased in 1992. Total export trade, severely constricted by blockade, about US$135.6 million in 1993.

Imports: In 1990 worth US$2.8 billion. Principal items light industrial products, industrial raw materials, fuels, and energy. Principal import suppliers Russia, Turkmenistan, Belarus, Ukraine, and Kazakhstan. Nearly all energy and much food must be imported.

Balance of Payments: Estimated in 1992 as US$137 million deficit.

Exchange Rate: Dram introduced November 1993, to become exclusive national currency early 1994. May 1994 rate about 390 drams per US$1. Second national unit, luma (100 to the dram), introduced February 1994.

Inflation: Dram devalued as Russian ruble devalued, early 1994, against United States dollar. Prices raised in steep periodic increments, including 30 percent rise March 1994. Prices in 1993 rose 130 percent as fast as wages.

Fiscal Year: Calendar year.

Fiscal Policy: Highly centralized government system, with no regional authority. Indexation of salaries and prices and currency devaluation used to balance supply and demand. Taxes added and changed 1992−93 to improve national income.

Transportation and Telecommunications

Highways: In 1991 about 11,300 kilometers of road, of which 10,500 had hard−surface.

Railroads: In 1992 total mainline track about 825 kilometers, none of which standard gauge. International lines to Azerbaijan, Georgia, Iran, and Turkey. Domestic lines run by Armenia Railways. Service disrupted in early 1990s.

Civil Aviation: Ten usable airports, six with hardsurface runways. Zvartnots Airport, near Erevan, only airport accommodating large jets. State Airlines Company of Armenia national airline.

Inland Waterways: None.

Ports: None.

Pipelines: Natural gas pipeline 900 kilometers in 1991; service disrupted in early 1990s.

Telecommunications: Direct−dial telephone system with 200 circuits and international service in 1991. Radio and television controlled by State Committee for Television and Radio Broadcasting. Armenian and Russian television broadcasts available to 100 percent of population via International Telecommunications Satellite Organization (Intelsat) satellite. Thirteen radio stations broadcast domestically in Armenian, Kurdish, and Russian.

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Government and Politics

Government: National government with most administrative powers. Thirty−seven districts with local legislative and executive organs. National legislature is unicameral Supreme Soviet of 248 members. Highest executive organ, Council of Ministers, appointed by president with consent of prime minister, who is named by president with consent of parliament. Presidency, given broad emergency powers during Nagorno−Karabakh conflict, most powerful government office. Legislative process cumbersome and fragmented, delaying passage of new constitution and other vital legislation. As of 1994, reform of Soviet−era judicial system awaited new constitution.

Politics: Since independence in 1991, presidency, most ministries, and parliamentary plurality held by members of Armenian Pannational Movement (APM). Main opposition parties Liberal Democratic Party (LDP) and Armenian Revolutionary Federation (ARF). First multiparty election 1991. Many minority parties represented in parliament, with coalitions on specific issues.

Foreign Relations: In early 1990s, foreign policy determined strongly by Nagorno−Karabakh conflict with Azerbaijan. Some rapprochement with traditional enemy Turkey and Iran. Limited relations established with Western Europe. Close ties with Russia and accords with other members of Commonwealth of Independent States (CIS). Worldwide Armenian diaspora facilitates foreign support.

International Agreements and Memberships: Member of United Nations, International Monetary Fund, World Bank, European Bank for Reconstruction and Development, and Conference on Security and Cooperation in Europe.

National Security

Armed Forces: Armenian Army divided into army, air force, and air defense forces; total forces about 50,000, including reserves. In 1994 about 20,000 active troops, including border guards and internal security troops, supplied mainly by conscription. About 2,000 troops in air defense forces and 2,000 in air force. Reserve call−up available in crisis, although reserve support weaker in postcommunist era. One Russian division remained in Armenia in 1994.

Major Military Units: National army formed in 1992 to emphasize maneuverability and response to attack.

Highest organizational level brigade, each with 1,500 to 2,500 troops and divided into three or four battalions.

Air defense forces reinvigorated and new military aviation program established in early 1990s. Most of two Russian motorized divisions transferred to Armenian control in 1992. Much equipment obtained from Russian units formerly stationed in Armenia.

Military Budget: Estimated in 1992 at US$33.8 million, or 2.3 percent of GNP.

Internal Security: Run by State Administration for National Security (SANS). Border troops supplemented by Russian forces along Iranian and Turkish borders. Militia used as regular police force of somewhat over 1,000 troops; duties included drug detection. Some units of former Committee for State Security (KGB)

function under Armenian control.

Historical Background

Figure 4. Armenia, 1994 A MENIAN CIVILIZATION HAD its beginnings in the sixth century B.C. In the centuries following, the Armenians withstood invasions and nomadic migrations, creating a unique culture that blended Iranian social and political structures with Hellenic and later Christian literary traditions. For two millennia, independent Armenian states existed sporadically in the region between the northeastern corner of the Mediterranean Sea and the Caucasus Mountains, until the last medieval state was destroyed in the fourteenth century. A landlocked country in modern times, Armenia was the smallest Soviet republic from 1920 until the dissolution of the Soviet Union in 1991 (see fig. 4). The future of an independent Armenia is clouded by limited natural resources and the prospect that the military struggle to unite the Armenians of Azerbaijan's Nagorno−Karabakh Autonomous Region with the Republic of Armenia will be a long one.

The Armenians are an ancient people who speak an Indo−European language and have traditionally inhabited the border regions common to modern Armenia, Iran, and Turkey. They call themselves *hai* (from the name of Hayk, a legendary hero) and their country Haiastan. Their neighbors to the north, the Georgians, call them *somekhi*, but most of the rest of the world follows the usage of the ancient Greeks and refers to them as Armenians, a term derived according to legend from the Armen tribe. Thus the Russian word is *armianin*, and the Turkish is *ermeni*.

The Ancient Period

Figure 5. The Empire of Tigran the Great, ca. 65 B.C.

S urce: Based on information from David Marshall Lang, *Armenia: Cradle of Civilization*, London, 1980, 132.

People first settled what is now Armenia in about 6000 B.C. The first major state in the region was the kingdom of Urartu, which appeared around Lake Van in the thirteenth century B.C. and reached its peak in the ninth century B.C. Shortly after the fall of Urartu to the Assyrians, the Indo−European−speaking proto−Armenians migrated, probably from the west, onto the Armenian Plateau and mingled with the local people of the Hurrian civilization, which at that time extended into Anatolia (presentday Asian Turkey) from its center in Mesopotamia. Greek historians first mentioned the Armenians in the mid−sixth century B.C.

Ruled for many centuries by the Persians, Armenia became a buffer state between the Greeks and Romans to the west and the Persians and Arabs of the Middle East. It reached its greatest size and influence under King Tigran II, also known as Tigranes or Tigran the Great (r. 95−55 B.C.). During his reign, Armenia stretched from the Mediterranean Sea northeast to the Mtkvari River (called the Kura in Azerbaijan) in present−day Georgia (see fig. 5). Tigran and his son, Artavazd II, made Armenia a center of Hellenic culture during their reigns.

By 30 B.C., Rome conquered the Armenian Empire, and for the next 200 years Armenia often was a pawn of the Romans in campaigns against their Central Asian enemies, the Parthians. However, a new dynasty, the Arsacids, took power in Armenia in A.D. 53 under the Parthian king, Tiridates I, who defeated Roman forces in A.D. 62. Rome's Emperor Nero then conciliated the Parthians by personally crowning Tiridates king of Armenia. For much of its subsequent history, Armenia was not united under a single sovereign but was usually divided between empires and among local Armenian rulers.

Early Christianity

After contact with centers of early Christianity at Antioch and Edessa, Armenia accepted Christianity as its state

religion in A.D. 306 (the traditional date the actual date may have been as late as A.D. 314), following miracles said to have been performed by Saint Gregory the Illuminator, son of a Parthian nobleman. Thus Armenians claim that Tiridates III (A.D. 238−314) was the first ruler to officially Christianize his people, his conversion predating the conventional date (A.D. 312) of Constantine the Great's personal acceptance of Christianity on behalf of the Eastern Roman Empire (the Byzantine Empire).

Early in the fifth century A.D., Saint Mesrop, also known as Mashtots, devised an alphabet for the Armenian language, and religious and historical works began to appear as part of the effort to consolidate the influence of Christianity. For the next two centuries, political unrest paralleled the exceptional development of literary and religious life that became known as the first golden age of Armenia. In several administrative forms, Armenia remained part of the Byzantine Empire until the midseventh century. In A.D. 653, the empire, finding the region difficult to govern, ceded Armenia to the Arabs. In A.D. 806, the Arabs established the noble Bagratid family as governors, and later kings, of a semiautonomous Armenian state.

The Middle Ages

Particularly under Bagratid kings Ashot I (also known as Ashot the Great or Ashot V, r. A.D. 862−90) and Ashot III (r. A.D. 952−77), a flourishing of art and literature accompanied a second golden age of Armenian history. The relative prosperity of other kingdoms in the region enabled the Armenians to develop their culture while remaining segmented among jurisdictions of varying degrees of autonomy granted by the Arabs.

Then, after eleventh−century invasions from the west by the Byzantine Greeks and from the east by the Seljuk Turks, the independent kingdoms in Armenia proper collapsed, and a new Armenian state, the kingdom of Lesser Armenia, formed in Cilicia along the northeasternmost shore of the Mediterranean Sea. As an ally of the kingdoms set up by the European armies of the Crusades, Cilician Armenia fought against the rising Muslim threat on behalf of the Christian nations of Europe until internal rebellions and court intrigue brought its downfall, at the hands of the Central Asian Mamluk Turks in 1375. Cilician Armenia left notable monuments of art, literature, theology, and jurisprudence. It also served as the door through which Armenians began emigrating to points west, notably Cyprus, Marseilles, Cairo, Venice, and even Holland.

The Mamluks controlled Cilician Armenia until the Ottoman Turks conquered the region in the sixteenth century. Meanwhile, the Ottoman Turks and the Persians divided Caucasian Armenia to the northeast between the sixteenth and eighteenth centuries. The Persians dominated the area of modern Armenia, around Lake Sevan and the city of Erevan. From the fifteenth century until the early twentieth century, most Armenians were ruled by the Ottoman Turks through the *millet* (see Glossary) system, which recognized the ecclesiastical authority of the Armenian Apostolic Church over the Armenian people.

Between Russia and Turkey

Beginning in the eighteenth century, the Russian Empire played a growing role in determining the fate of the Armenians, although those in Anatolia remained under Turkish control, with tragic consequences that would endure well into the twentieth century.

In the eighteenth century, Transcaucasia (the region including the Greater Caucasus mountain range as well as the lands to the south and west) became the object of a military−political struggle among three empires:

Ottoman Turkey, tsarist Russia, and Safavid Persia. In 1828 Russia defeated Persia and annexed the area around Erevan, bringing thousands of Armenians into the Russian Empire. In the next half−century, three related

processes began to intensify the political and national consciousness of the ethnic and religious communities of the Caucasus region: the imposition of tsarist rule; the rise of a market and capitalist economy; and the emergence of secular national intelligentsias. Tsarism brought Armenians from Russia and from the former Persian provinces under a single legal order. The tsarist system also brought relative peace and security by fostering commerce and industry, the growth of towns, and the building of railroads, thus gradually ending the isolation of many villages.

In the mid−nineteenth century, a major movement toward centralization and reform, called the Tanzimat, swept through the Ottoman Empire, whose authority had been eroded by corruption and delegation of control to local fiefdoms. Armenian subjects benefited somewhat from these reforms; for instance, in 1863 a special Armenian constitution was granted. When the reform movement was ended in the 1870s by reactionary factions, however, Ottoman policy toward subject nationalities became less tolerant, and the situation of the Armenians in the empire began to deteriorate rapidly.

National Self−Awareness

The Armenians themselves changed dramatically in the midnineteenth century. An intellectual awakening influenced by Western and Russian ideas, a new interest in Armenian history, and an increase in social interaction created a sense of secular nationality among many Armenians. Instead of conceiving of themselves solely as a religious community, Armenians especially the urban middle class began to feel closer kinship with Christian Europe and greater alienation from the Muslim peoples among whom they lived.

Lacking faith in reform within the empire, Armenian leaders began to appeal to the European powers for assistance. In 1878 Armenian delegates appeared at the Congress of Berlin, where the European powers were negotiating the disposition of Ottoman territories. Although Armenian requests for European protection went largely unanswered in Berlin, the Armenian question became a point of contention in the complex European diplomacy of the late nineteenth century, with Russia and Britain acting as the chief sponsors of Armenian interests on various issues.

The Armenian independence movement began as agitation on behalf of liberal democracy by writers, journalists, and teachers. But by the last decade of the nineteenth century, moderate nationalist intellectuals had been pushed aside by younger, more radical socialists. Armenian revolutionary parties, founded in the early 1890s in Russia and Europe, sent their cadres to organize in Turkey. Because of the self−destruction of one major party, the Social Democratic Hnchaks, and the relative isolation of the liberals and the internationalist Social Democrats in the cities of Transcaucasia, the more nationalist of the socialist parties, the Armenian Revolutionary Federation (ARF, also known as the Dashnak, a shortened form of its Armenian name), emerged by the early twentieth century as the only real contender for Armenian loyalties. The ARF favored Armenian autonomy in both the Russian and the Ottoman empires rather than full independence for an Armenia in which Russian− and Ottomanheld components would be unified.

In the last decades of the nineteenth century, the Armenians' tendency toward Europeanization antagonized Turkish officials and encouraged their view that Armenians were a foreign, subversive element in the sultan's realm. By 1890 the rapid growth of the Kurdish population in Anatolia, combined with the immigration of Muslims from the Balkans and the Caucasus, had made the Armenian population of Anatolia an increasingly endangered minority. In 1895 Ottoman suspicion of the westernized Armenian population led to the massacre of 300,000 Armenians by special order of the Ottoman government.

Meanwhile, on the other side of the Russian border, Armenian churches and schools were closed and church property was confiscated in 1903. Tatars massacred Armenians in several towns and cities in 1905, and fifty−two Armenian nationalist leaders in Russia were tried en masse for underground activities in 1912.

The Young Turks

The Armenian population that remained in the Ottoman Empire after the 1895 massacre supported the 1908 revolution of the Committee of Union and Progress, better known as the Young Turks, who promised liberal treatment of ethnic minorities. However, after its revolution succeeded, the Young Turk government plotted elimination of the Armenians, who were a significant obstacle to the regime's evolving nationalist agenda.

In the early stages of World War I, in 1915 Russian armies advanced on Turkey from the north and the British attempted an invasion from the Mediterranean. Citing the threat of internal rebellion, the Ottoman government ordered large−scale roundups, deportations, and systematic torture and murder of Armenians beginning in the spring of 1915. Estimates vary from 600,000 to 2 million deaths out of the prewar population of about 3 million Armenians. By 1917 fewer than 200,000 Armenians remained in Turkey.

Whatever the exact dimensions of the genocide, Armenians suffered a demographic disaster that shifted the center of the Armenian population from the heartland of historical Armenia to the relatively safer eastern regions held by the Russians. Tens of thousands of refugees fled to the Caucasus with the retreating Russian armies, and the cities of Baku and Tbilisi filled with Armenians from Turkey. Ethnic tensions rose in Transcaucasia as the new immigrants added to the pressures on the limited resources of the collapsing Russian Empire.)

World War I and Its Consequences

As was the case for most of Europe, World War I changed Armenia's geopolitical situation. The war also precipitated an ethnic disaster of rare magnitude and brought the Armenians who remained in their native territory into a new type of empire.

Folk dancers celebrating Armenian Independence Day (May 28, 1918) in Erevan Courtesy Azarian Churukian B
tween 1915 and 1917, Russia occupied virtually the entire Armenian part of the Ottoman Empire. Then in October 1917, the Bolshevik victory in Russia ended that country's involvement in World War I, and Russian troops left the Caucasus. In the vacuum that remained, the Armenians first joined a Transcaucasian federation with Azerbaijan and Georgia, both of which, however, soon proved to be unreliable partners. The danger posed by the territorial ambitions of the Ottoman Turks and the Azerbaijanis finally united the Caucasian Armenian population in support of the ARF program for autonomy. In May 1918, an independent Armenian republic was declared; its armies continued to fight on the Allied side south of the Caucasus until the Ottoman Empire surrendered in October 1918. The independent republic endured from May 1918 to December 1920.

In the new government, ARF leaders R I. Kachazuni and A I. Khatisian became prime minister and foreign minister, respectively.

The Republic of Armenia included the northeastern part of present−day eastern Turkey, west along the Black Sea coast past Trabzon and southwest past Lake Van. But Armenia's precarious independence was threatened from within by the terrible economic conditions that followed the war in the former Ottoman Empire and, by 1920, by the territorial ambitions of Soviet Russia and the nationalist Turks under Kemal Atatürk. Atatürk had rehabilitated Turkey rapidly under a new democratic system, but the ruling party still hoped to create a larger state by taking territory in western Armenia from which Armenians had been driven. In defending its independence, the Republic of Armenia waited in vain, however, for the material and military aid promised at the Paris Peace Conference in 1919. The Allies' memories of the 1915 massacre faded as war weariness and isolationism dominated their foreign policy.

In agreeing to the 1920 Treaty of Sèvres, the World War I Allies and Turkey recognized Armenian independence; as part of the treaty, Armenia received some disputed territory in what had been the Ottoman Empire. However, most of western Armenia remained in Turkish hands. Eastern Armenia, ravaged by warfare, migration, and disease, had an Armenian population of only 720,000 by 1920. Caught between the advancing Turks and the Red Army, which had already occupied neighboring Azerbaijan, in November 1920 the ARF government made a political agreement with the communists to enter a coalition government. The Treaty of Aleksandropol', signed by this government with Turkey, returned Armenia's northern Kars District to Russia and repudiated the existence of Armenian populations in newly expanded Turkey.

Into the Soviet Union

In 1922 Armenia was combined with Azerbaijan and Georgia to form the Transcaucasian Soviet Federated Socialist Republic (TSFSR), which was a single republic of the Soviet Union until the federation was dissolved and each part given republic status in 1936. When the TSFSR was formed, the new Soviet government in the Armenian capital of Erevan ruled over a shrunken country with a devastated economy and few resources with which to feed the populace and rebuild itself. In integrating their republic into the newly forming Soviet Union, Armenian communists surrendered the sovereignty that the independent republic had enjoyed briefly. Although it eliminated rival political parties and restricted the range of public expression, the new government promoted Armenian culture and education, invited artists and intellectuals from abroad to return to Armenia, and managed to create an environment of greater security and material well−being than Armenians had known since the outbreak of World War I.

The Communist Era

During the rule of Joseph V. Stalin (in power 1926−53), Armenian society and its economy were changed dramatically by Moscow policy makers. In a period of twenty−five years, Armenia was industrialized and educated under strictly prescribed conditions, and nationalism was harshly suppressed. After Stalin's death, Moscow allowed greater expression of national feeling, but the corruption endemic in communist rule continued until the very end in 1991. The last years of communism also brought disillusionment in what had been one of the most loyal republics in the Soviet Union until the late 1980s.

Stalin's radical restructuring of the Soviet economic and political systems at the end of the 1920s ended the brief period of moderate rule and mixed economy under what was known as the New Economic Policy (see Modern Economic History , this ch.). Under Stalin the Communist Party of Armenia (CPA) used police terror to strengthen its political hold on the population and suppress all expressions of nationalism. At the height of the Great Terror orchestrated by Stalin in 1936−37, the ranks of CPA leaders and intellectuals were decimated by Lavrenti Beria, political commissar for the Transcaucasian republics.

Stalin's enforced social and economic engineering improved literacy and education and built communications and industrial infrastructures where virtually none had existed in tsarist times. As they emerged from the Stalin era in the 1950s, Armenians were more mobile, better educated, and ready to benefit from the less repressive policies of Stalin's successor, Nikita S. Khrushchev (in power 1953−64). The years of industrialization had promoted an upward social mobility through which peasants became workers; workers became foremen or managers; and managers became party and state officials.

Communism after Stalin

After Stalin's death in 1953, Moscow granted the republic more autonomy in decision making, which meant that the local communist elite increased its power and became entrenched in Armenian politics in the 1950s and 1960s. Although overt political opposition remained tightly restricted, expressions of moderate nationalism were viewed with greater tolerance. Statues of Armenian national heroes were erected, including one of Saint Vartan, the fifth−century defender of Armenian Christianity.

Even as Armenia continued its transformation from a basically agrarian nation to an industrial, urban society by the early 1980s, only a third of Armenians lived in the countryside the ruling elite remained largely unchanged. As a result, corruption and favoritism spread, and an illegal second economy of black markets and bribery flourished. In 1974 Moscow sent a young engineer, Karen Demirchian, to Erevan to clean up the old party apparatus, but the new party chief soon accommodated himself to the corrupt political system he had inherited.

The New Nationalism

Three issues combined by 1988 to stimulate a broad−based Armenian nationalist movement. First, the urbanization and industrialization of Armenia had brought severe ecological problems, the most threatening of which was posed by a nuclear power plant at Metsamor, west of Erevan. Second, many Armenians were angered by the pervasive corruption and arrogance of the communist elite, which had become entrenched as a privileged ruling class. Third and most immediate, Armenians were increasingly concerned about the status of Nagorno−Karabakh, an autonomous region of Azerbaijan having nearly 200,000 Armenians living within Azerbaijan under Azerbaijani rule, isolated from mainstream Armenian culture.

Control of Nagorno−Karabakh (the conventional geographic term is based on the Russian for the phrase mountainous Karabakh") had been contested by the briefly independent republics of Armenia and Azerbaijan after World War I. In 1924 the Soviet government designated the region an autonomous region under Azerbaijani jurisdiction within the TSFSR. At the time, 94.4 percent of the estimated 131,500 people in the district were Armenian. Between 1923 and 1979, the Armenian population of the enclave dropped by about 1,000, comprising only about 76 percent of the population by the end of the period. In the same period, the Azerbaijani population quintupled to 37,000, or nearly 24 percent of the region's population. Armenians feared that their demographic decline in Nagorno−Karabakh would replicate the fate of another historically Armenian region, Nakhichevan, which the Soviet Union had designated an autonomous republic under Azerbaijani administration in 1924. In Nakhichevan the number of Armenians had declined from about 15,600 (15 percent of the total) in 1926 to about 3,000 (1.4 percent of the total) in 1979, while in the same period immigration and a higher birth rate had increased the Azerbaijani population from about 85,400 (85 percent) to 230,000, or nearly 96 percent of the total.

In addition to fearing the loss of their numerical superiority, Armenians in Nagorno−Karabakh resented restrictions on the development of the Armenian language and culture in the region. Although the Armenians generally lived better than Azerbaijanis in neighboring districts, their standard of living was not as high as that of their countrymen in Armenia. Hostile to the Azerbaijanis, whom they blamed for their social and cultural problems, the vast majority of Karabakh Armenians preferred to learn Russian rather than Azerbaijani, the language of Azerbaijan. As early as the 1960s, clashes occurred between the Karabakh Armenians and the Azerbaijanis, and Armenian intellectuals petitioned Moscow for redress of their situation in Nagorno−Karabakh.)

A series of escalating attacks and reprisals between the two sides began in early 1988. Taking advantage of the greater freedom introduced by the *glasnost* (see Glossary) and *perestroika* (see Glossary) policies of Soviet leader Mikhail S. Gorbachev (in power 1985−91) in the late 1980s, Armenians held mass demonstrations in favor of

uniting NagornoKarabakh with Armenia. In response to rumored Armenian demands, Azerbaijanis began fleeing the region. A two−day rampage in the industrial town of Sumgait, northwest of Baku, resulted in the deaths of more than 100 Armenians. During 1988, while Moscow hesitated to take decisive action, Armenians grew increasingly disillusioned with Gorbachev's programs, and Azerbaijanis sought to protect their interests by organizing a powerful anti−Armenian nationalist movement.

Nagorno−Karabakh and Independence

The conflict in Nagorno−Karabakh (often called simply Karabakh) served as a catalyst for nationalist movements following the precipitous decline of the Soviet Union in the late 1980s (see fig. 3). In the early 1990s, the struggle defied all negotiating efforts of the West and Russia.

The protests of the Armenians of Nagorno−Karabakh against Azerbaijani rule began in the spirit of *perestroika*, but the movement evolved quickly into a political organization, the Karabakh Committee, a broad anticommunist coalition for democracy and national sovereignty. In the confusion following the earthquake that devastated northern Armenia in December 1988, Soviet authorities tried to stem the growing opposition to their rule by arresting the leaders of the committee. The attempt by the CPA to rule in Armenia without support from Armenian nationalists only worsened the political crisis. In March 1989, many voters boycotted the general elections for the Soviet Union's Congress of People's Deputies. Massive demonstrations were held to demand the release of the members of the committee, and, in the elections to the Armenian Supreme Soviet, the legislative body of the republic, in May, Armenians chose delegates identified with the Karabakh cause. At that time, the flag of independent Armenia was flown for the first time since 1920. The release of the Karabakh Committee followed the 1989 election; for the next six months, the nationalist movement and the Armenian communist leadership worked as uncomfortable allies on the Karabakh issue.

Gorbachev's 1989 proposal for enhanced autonomy for NagornoKarabakh within Azerbaijan satisfied neither Armenians nor Azerbaijanis, and a long and inconclusive conflict erupted between the two peoples. In September 1989, Azerbaijan began an economic blockade of Armenia's vital fuel and supply lines through its territory, which until that time had carried about 90 percent of Armenia's imports from the other Soviet republics. In June 1989, numerous unofficial nationalist organizations joined together to form the Armenian Pannational Movement (APM), to which the Armenian government granted official recognition.

The Karabakh Crisis Escalates, 1989

The Azerbaijani−Armenian conflict escalated steadily in the summer and fall of 1989. Both the APM and the newly formed Azerbaijani Popular Front (APF) called for abolition of the Special Administrative Committee that Gorbachev had established to manage Nagorno−Karabakh. The Armenians held to their position that the region must become part of Armenia, and radical Azerbaijanis called for abolition of Karabakh autonomy. As hundreds of thousands of Azerbaijanis demonstrated in Baku, their government further restricted the flow of goods and fuel into Karabakh and Armenia. In August 1989, Karabakh Armenians responded by electing their own National Council, which declared the secession of Karabakh from Azerbaijan and its merger with Armenia. The Armenian Supreme Soviet then declared the Karabakh National Council the sole legitimate representative of the Karabakh people. The Azerbaijani Supreme Soviet responded by abrogating the autonomy of both Karabakh and Nakhichevan.

Although the declarations and counter declarations of mid1989 were ultimately declared invalid by the Supreme Soviet of the Soviet Union, and although both Armenia and Azerbaijan continued to be governed by communist parties, neither republic was willing to obey Moscow's directives on the Karabakh issue. In November 1989, in

frustration at its inability to bring the parties together, the Supreme Soviet of the Soviet Union abolished the Special Administrative Committee and returned direct control of Karabakh to Azerbaijan.

Rejecting Moscow's decision, the Armenian Supreme Soviet declared Karabakh a part of Armenia in December 1989.

After more than two years of the Karabakh conflict, Armenia had gone from being one of the most loyal Soviet republics to complete loss of confidence in Moscow. Gorbachev's unwillingness to grant Karabakh to Armenia and his failure to end the blockade convinced Armenians that the Kremlin considered it politically advantageous to back the more numerous Muslims. Even the invasion of Azerbaijan by Soviet troops in January 1990, ostensibly to stop pogroms against Armenians in Baku, failed to dampen the growing anti−Soviet mood among Armenians (see Within the Soviet Union, ch. 2).

A New Political Climate

The resignation of Suren Harutiunian as first secretary of the CPA in April 1990 and the triumph of the APM in the elections of the spring and summer of 1990 signaled the end of the old party elite and the rise of a new Armenian political class that had matured during the two years of tensions over Karabakh. The newly elected Armenian parliament (which retained the Soviet−era name Supreme Soviet or Supreme Council) chose Levon Ter−Petrosian instead of the new CPA first secretary as its chairman, and hence as head of state of the republic.

With the APM in power and the communists in opposition, the transition from Soviet−style government to an independent democratic state began in earnest. The new government faced a nearly complete collapse of order in the republic. Buildings were seized by armed men in Erevan, and several independent militia groups operated in Erevan as well as on the Azerbaijani frontier. Frustrated by the Azerbaijani blockade and determined to defend their republic and Karabakh, members of Armenia's Fidain (whose name was taken from an Arabic term literally meaning one who sacrifices himself and recalling the Armenian freedom fighters of the turn of the century) raided arsenals and police stations to arm themselves for the coming battles. In July Gorbachev demanded immediate disarmament of the Armenian militias and threatened military intervention if they did not comply. In response, Ter−Petrosian's government itself disarmed the independent militias and restored order in Erevan.

On August 23, 1990, Armenia formally declared its intention to become sovereign and independent, with Nagorno−Karabakh an integral part of what now would be known as the Republic of Armenia rather than the Armenian Soviet Socialist Republic. The Armenian nation was defined broadly to include not only those living in the territory of the republic but also the worldwide Armenian émigré population as well.

In redefining Armenian national interests, the government acknowledged but temporarily put aside the painful question of Armenian genocide, having in mind improved relations with traditional enemies Turkey and Iran. This policy prompted strong criticism from extreme nationalist groups that wanted to recover territory lost to Turkey in World War I. The CPA was also vehemently critical.

Independence

In January 1991, the Armenian Supreme Soviet decided not to participate in Gorbachev's planned referendum on preserving the Soviet Union. In March the parliament announced that, instead, the republic would hold its own referendum in September, in compliance with the procedure outlined in the Soviet constitution for a republic to secede. Although literal compliance would mean that Armenia would not be fully independent for five years after the referendum, Moscow soon moved to change Armenia's course. Without notifying the Armenian government,

Moscow sent paratroopers to the republic in early May, ostensibly to protect Soviet defense installations in Armenia. Ter−Petrosian's official statement in reaction characterized the move as a virtual declaration of war by the Soviet Union.

In August 1991, when a self−proclaimed emergency committee attempted to overthrow Gorbachev and take control in Moscow, the Armenian government refused to sanction its actions. Fearing an extension of the Soviet incursion of May, Ter−Petrosian approached the Moscow coup very cautiously. The republic's Defense Committee secretly resolved to have the Armenian armed forces go underground and wage guerrilla warfare.

Ter−Petrosian, who believed that Gorbachev's personal blunders, indecisiveness, and concessions to conservative communists were to blame for the coup, was overjoyed when the conservatives were defeated.

But the coup itself convinced Armenians of the need to move out of the Soviet Union as rapidly as possible, and it validated TerPetrosian 's refusal to participate in the revival of the Soviet Union advocated by Gorbachev.

Within two months of the coup, Armenians went to the polls twice. In September 1991, over 99 percent of voters approved the republic's commitment to independence. The immediate aftermath of that vote was the Armenian Supreme Soviet's declaration of full independence, on September 23, in disregard of the constitution's restraints on secession. Then in October, Ter−Petrosian was elected overwhelmingly as president of the republic. He now had a popular mandate to carry out his vision of Armenian independence and self−sufficiency.

As political changes occurred within the republic, armed conflict continued in Nagorno−Karabakh during 1991. Armenia officially denied supporting the Nagorno−Karabakh defense forces that were pushing Azerbaijani forces out of the region; Armenia also accused the Soviet Union of supporting Azerbaijan as punishment for Armenia's failure to sign Gorbachev's new Union Treaty. In turn, Azerbaijan called Armenia an aggressor state whose national policy included annexation of Azerbaijani territory.

Postindependence Armenia

Two immediate tasks facing independent Armenia were rebuilding its devastated economy and strengthening its fledgling democratic institutions. But the escalating war in NagornoKarabakh and the effective blockade of the republic by the Azerbaijanis led to a total collapse of the economy. By early 1993, the government seemed helpless before mounting economic and political problems. The last remaining oil and gas pipelines through neighboring Georgia, which itself was being torn by civil and interethnic war, were blown up by saboteurs. To survive the cold, Armenians in Erevan cut down the city's trees, and plans were made to start up the nuclear power plant at Metsamor. In February 1993, demonstrations called for the resignation of the government, but Ter−Petrosian responded by naming a new cabinet headed by Hrant Bagratian.

While economic and political conditions deteriorated within Armenia, the military position of the Armenians in the Karabakh struggle improved dramatically. Various peace negotiations sponsored by Iran, Russia, Turkey, and a nine−nation group from the Conference on Security and Cooperation in Europe (CSCE see Glossary) had begun in 1991 and sporadically had yielded cease−fires that were violated almost immediately.

In the spring of 1992, while the Azerbaijani communists and the nationalist Azerbaijani Popular Front fought for control in Baku, Karabakh Armenian forces occupied most of Nagorno−Karabakh, took the old capital, Shusha, and drove a corridor through the Kurdish area around Lachin to link Nagorno−Karabakh with Armenia. But the immediate result of this victory was the collapse of Russian−sponsored peace negotiations with Azerbaijan and the continuation of the war.

Beginning a counteroffensive in early summer, the Azerbaijanis recaptured some territory and created thousands of new refugees by expelling Armenians from the villages they took. In midsummer this new phase of the conflict stimulated a CSCEsponsored peace conference, but Armenia stymied progress by demanding for the first time that Nagorno−Karabakh be entirely separate from Azerbaijan.

By the end of 1992, the sides were bogged down in a bloody stalemate. After clearing Azerbaijani forces from NagornoKarabakh and the territory between Karabakh and Armenia, Armenian troops also advanced deep into Azerbaijan proper a move that brought condemnation from the United Nations (UN) Security Council and panic in Iran, on whose borders Armenian troops had arrived. In the first half of 1993, the Karabakh Armenians gained more Azerbaijani territory, against disorganized opposition. Azerbaijani resistance was weakened by the confusion surrounding a military coup that toppled the APF government in Baku and returned former communist party boss Heydar Aliyev to power.

The coup reinvigorated Russian efforts to negotiate a peace under the complex terms of the three parties to the conflict: the governments of Armenia and Azerbaijan, and the increasingly independent and assertive Karabakh Armenians. CSCE peace proposals were uniformly rejected during this period. Although Russia seemed poised for a triumph of crisis diplomacy on its borders, constant negotiations in the second half of 1993 produced only intermittent cease−fires. At the end of 1993, the Karabakh Armenians were able to negotiate with the presidents of Azerbaijan and Russia from a position of power: they retained full control of Nagorno−Karabakh and substantial parts of Azerbaijan proper (see After Communist Rule, ch. 2).

Physical Environment

Armenia is located in southern Transcaucasia, the region southwest of Russia between the Black Sea and the Caspian Sea. Modern Armenia occupies part of historical Armenia, whose ancient centers were in the valley of the Aras River and the region around Lake Van in Turkey. Armenia is bordered on the north by Georgia, on the east by Azerbaijan, on the southwest by the Nakhichevan Autonomous Republic of Azerbaijan, on the south by Iran, and on the west by Turkey (see fig. 1).

Topography and Drainage

Damage to apartment buildings in Leninakan (present−day Gyumri) caused by 1988 earthquake Courtesy John Filson T **enty−five million years ago, a geological upheaval pushed up the earth's crust to form the Armenian Plateau, creating the complex topography of modern Armenia (see fig. 2). The Lesser Caucasus range extends through northern Armenia, runs southeast between Lake Sevan and Azerbaijan, then passes roughly along the Armenian−Azerbaijani border to Iran. Thus situated, the mountains make travel from north to south difficult.**

Geological turmoil continues in the form of devastating earthquakes, which have plagued Armenia. In December 1988, the second largest city in the republic, Leninakan (now Gyumri), was heavily damaged by a massive quake that killed more than 25,000 people.

About half of Armenia's area of approximately 29,800 square kilometers has an elevation of at least 2,000 meters, and only 3 percent of the country lies below 650 meters. The lowest points are in the valleys of the Aras River and the Debet River in the far north, which have elevations of 380 and 430 meters, respectively.

Elevations in the Lesser Caucasus vary between 2,640 and 3,280 meters. To the southwest of the range is the Armenian Plateau, which slopes southwestward toward the Aras River on the Turkish border. The plateau is masked by intermediate mountain ranges and extinct volcanoes. The largest of these, Mount Aragats, 4,430 meters high, is also the highest point in Armenia. Most of the population lives in the western and northwestern

parts of the country, where the two major cities, Erevan and Gyumri (which was called Aleksandropol' during the tsarist period), are located.

The valleys of the Debet and Akstafa rivers form the chief routes into Armenia from the north as they pass through the mountains. Lake Sevan, 72.5 kilometers across at its widest point and 376 kilometers long, is by far the largest lake. It lies 2,070 meters above sea level on the plateau. Terrain is most rugged in the extreme southeast, which is drained by the Bargushat River, and most moderate in the Aras River valley to the extreme southwest. Most of Armenia is drained by the Aras or its tributary, the Razdan, which flows from Lake Sevan.

The Aras forms most of Armenia's border with Turkey and Iran as well as the border between Azerbaijan's adjacent Nakhichevan Autonomous Republic and Iran.

Climate

Temperatures in Armenia generally depend upon elevation. Mountain formations block the moderating climatic influences of the Mediterranean Sea and the Black Sea, creating wide seasonal variations. On the Armenian Plateau, the mean midwinter temperature is 0° C, and the mean midsummer temperature exceeds 25° C. Average precipitation ranges from 250 millimeters per year in the lower Aras River valley to 800 millimeters at the highest altitudes. Despite the harshness of winter in most parts, the fertility of the plateau's volcanic soil made Armenia one of the world's earliest sites of agricultural activity.

Environmental Problems

A broad public discussion of environmental problems began in the mid−1980s, when the first green groups formed in opposition to Erevan's intense industrial air pollution and to nuclear power generation in the wake of the 1986 reactor explosion at Chernobyl'. Environmental issues helped form the basis of the nationalist independence movement when environmental demonstrations subsequently merged with those for other political causes in the late 1980s.

In the postcommunist era, Armenia faces the same massive environmental cleanup that confronts the other former Soviet republics as they emerge from the centralized planning system's disastrous approach to resource management. By 1980 the infrequency of sightings of Mount Ararat, which looms about sixty kilometers across the Turkish border, became a symbol of worsening air pollution in Erevan.

In independent Armenia, environmental issues divide society (and scientists) sharply into those who fear environmental time bombs and those who view resumption of pollution−prone industrial operations as the only means of improving the country's economy. In the early 1990s, the latter group blamed Armenia's economic woes on the role played by the former in closing major industries.

In 1994 three national environmental laws were in effect: the Law on Environmental Protection, the Basic Law on the Environment, and the Law on Mineral Resources. The Council of Ministers, Armenia's cabinet, includes a minister of the environment. However, no comprehensive environmental protection program has emerged, and decisions on environmental policy have been made on an ad hoc basis.

Environmental conditions in Armenia have been worsened by the Azerbaijani blockade of supplies and electricity from outside. Under blockade conditions, the winters of 1991−92, 1992−93, and 1993−94 brought enormous hardship to a population lacking heat and electric power. (The large−scale felling of trees for fuel during the winters of the blockade has created another environmental crisis.) The results of the blockade and the failure of diplomatic efforts to lift it led the government to propose reconstruction of the Armenian Atomic Power Station at Metsamor, which was closed after the 1988 earthquake because of its location in an earthquake−prone area and

which had the same safety problems as reactors listed as dangerous in Bulgaria, Russia, and Slovakia. After heated debates over startup continued through 1993, French and Russian nuclear consultants declared operating conditions basically safe. Continuation of the blockade into 1994 gave added urgency to the decision (see Energy , this ch.).

Another environmental concern is a significant drop in Lake Sevan's water level because of drawdowns for irrigation and the diversion of water to hydroelectric plants to compensate for the electric power lost through the inactivity of the nuclear plant at Metsamor. This crisis was addressed in 1992−93 by construction of a tunnel to divert water into the lake from the Arpa River. Engineers estimated that once the project is finished, the tunnel will allow 500 million cubic meters of water to be drawn from the lake annually, while maintaining a constant water level. The Ministry of the Environment reported that the lake's water level had dropped by fifty centimeters in 1993. Experts said that this drop brought the level to within twenty−seven centimeters of the critical point where flora and fauna would be endangered.

Among major industrial centers closed to curtail pollution were the Nairit Chemical Plant, the Alaverdy Metallurgical Plant, and the Vanadzor Chemical Combine. Economic requirements triumphed over environmental considerations when the Soviet−era Nairit plant was reopened in January 1992 after being closed in 1989 because of the massive air pollution it caused. Newly independent Armenia needed the income from foreign sales of Nairit rubber and chemical products, many of which had been assigned exclusively to that plant under the Soviet system and were still unavailable elsewhere to the former Soviet republics in the early 1990s. Up−to−date environmental safety technology and adherence to international standards were promised at Nairit when the decision to resume production was announced.

Population and Ethnic Composition

View of Erevan Courtesy A. James Firth, United States Department of Agriculture T e forces of history have wrought dramatic changes on the boundaries of the various Armenian states; the population's size and the ethnic makeup of those states have also been strongly affected. In the twentieth century, particularly significant changes resulted from Turkish efforts to exterminate Armenians during World War I and from the large−scale emigration of Azerbaijanis from Armenia in the early 1990s.

Population Characteristics

The origins of the Armenian people are obscure. According to ancient Armenian writers, their people descend from Noah's son Japheth. A branch of the Indo−Europeans, the Armenians are linked ethnically to the Phrygians, who migrated from Thrace in southeastern Europe into Asia Minor late in the second millennium B.C., and to the residents of the kingdom of Urartu, with whom the Armenians came into contact around 800 B.C. after arriving in Asia Minor from the West. Although ethnologists disagree about the precise timing and elements of this ethnic combination (and even about the origin of the term *Armenian*), it is generally agreed that the modern Armenians have been a distinct ethnic group centered in eastern Anatolia since at least 600 B.C.

In the nineteenth century, the Armenians were the most urban of the Transcaucasian peoples, but they were also the most dispersed. A merchant middle class was the most powerful social group among the Armenians, although the church and secular intellectuals also provided leadership. Armenians pioneered exploitation of the oil deposits in and around Baku, and the economic growth of the ancient Georgian capital, Tbilisi, was largely an enterprise of Armenian merchants and small industrialists.

The massacres and displacements that occurred between 1895 and 1915 removed nearly all the Armenian population in the Turkish part of historical Armenia. In 1965 the Soviet Union estimated that 3.2 million

Armenians lived in all its republics. The Turkish census the same year showed only 33,000 Armenians in Turkey, most of them concentrated in the far west in Istanbul. In 1988 Armenia's population declined by 176,000, reversing a trend over the previous decade of average population growth of 1.5 percent per year.

According to the 1989 census, the population of Armenia was about 3,288,000, an increase of 8 percent from the 1979 census figure. An official estimate in 1991 put the population at 3,354,000, an increase of 2 percent since 1989. In 1989 Armenians were the eighth largest nationality in the former Soviet Union, totaling 4,627,000. At that time, only about twothirds of the Armenians in the Soviet Union lived in Armenia. Some 11.5 percent lived in Russia, 9.4 percent in Georgia, 8.4 percent in Azerbaijan, and the remaining 4 percent in the other republics. In recent years, Armenian refugees from Azerbaijan, Georgia, Russia, and the Central Asian republics have settled in Armenia, compounding an already severe housing shortage. The number of Armenians living in other countries, primarily France, Iran, Lebanon, Syria, and the United States, has been estimated at between 3 million and 9 million.

In 1991 Armenia's population density, 112.6 persons per square kilometer, was second only to that of Moldavia (now Moldova) among the Soviet republics. About 68 percent of the population lives in urban areas and 32 percent in rural areas. In 1990 Armenia's capital, Erevan, had a population of 1.2 million, or about 37 percent of the population of the republic; the second largest city, Gyumri, had 123,000 residents. The twelfth largest city in the former Soviet Union, Erevan is the second largest in the Caucasus region, after Tbilisi.

In 1979 Armenian families residing in Armenia averaged 4.5 persons, including an average of 4.3 for urban families and 4.8 average for rural families. This average was larger than those of the Baltic, Georgian, Moldavian, and predominantly Slavic republics of the Soviet Union but less than the family averages of the Soviet Muslim republics. In 1989 average life expectancy was 71.9 years (69.0 years for males and 74.7 years for females). The birth rate was 21.6 live births per 1,000 population; the death rate was 6.0 per 1,000.

Ethnic Minorities

Figure 6. Ethnic Groups in Armenia E hnically the most homogeneous of the Soviet republics, Armenia had few problems with ethnic minorities during the Soviet period. According to the last Soviet census, conducted in 1989, Armenians made up 93.3 percent of Armenia's population, Azerbaijanis 2.6 percent, Russians 1.6 percent, and Muslim Kurds and Yezidi (Christian Kurds) together 1.7 percent. Fewer than 30,000 others, including Greeks and Ukrainians, lived in the republic in 1989. During the Soviet period, the republic's largest non−Armenian group was the Azerbaijanis. By 1989, however, almost all of the Azerbaijanis, who had numbered 161,000 in 1979, either had been expelled or had emigrated from Armenia (see fig. 6). The figure for the 1989 census included 77,000 Azerbaijanis who had returned to their native country but were still considered residents of Armenia.

Language, Culture, and Religion

Through the centuries, Armenians have conscientiously retained the unique qualities of their language and art forms, incorporating influences from surrounding societies without sacrificing distinctive national characteristics. Religion also has been a strong unifying force and has played a political role as well.

Language

The Armenian language is a separate Indo−European tongue sharing some phonetic and grammatical features with other Caucasian languages, such as Georgian. The Iranian languages contributed many loanwords related to cultural subjects; the majority of the Armenian word stock shows no connection with other existing languages, however, and some experts believe it derives from extinct non−Indo−European

languages. The distinct alphabet of thirty−eight letters, derived from the Greek alphabet, has existed since the early fifth century A.D. Classical Armenian *(grabar*) is used today only in the Armenian Apostolic Church as a liturgical language. Modern spoken Armenian is divided into a number of dialects, the most important of which are the eastern dialect (used in Armenia, the rest of Transcaucasia, and Iran) and the western dialect (used extensively in Turkey and among Western émigrés). The two major dialects differ in some vocabulary, pronunciation, grammar, and orthography.

In the Soviet period, schools in Armenia taught in both Armenian and Russian; in a republic where over 95 percent of the people claimed Armenian as their native language, almost all of the urban population and much of the rural population knew at least some Russian. At the end of the Soviet period, 91.6 percent of Armenians throughout the Soviet Union considered Armenian to be their native language, and 47.1 percent of Armenians were fluent in Russian.

Culture

The international Armenian community remains loyal to strong cultural traditions, many of which have enriched the societies into which Armenians emigrated. Cultural tradition has been a means of maintaining a sense of national unity among widely dispersed groups of Armenians.

The Armenians became active in literature and many art forms at a very early point in their civilization.

Urartian metalworking and architecture have been traced back to about 1000 B.C. The beginning of truly national art is usually fixed at the onset of the Christian era. The three great artistic periods coincided with times of independence or semi−independence: from the fifth to the seventh century; the Bagratid golden age of the ninth and tenth centuries; and the era of the kingdom of Lesser Armenia in the twelfth to fourteenth centuries.

Of especially high quality in the earlier periods were work in gold and bronze, as well as temples, military fortifications, and aqueducts. In the early Christian era, classical church architecture was adapted in a series of cathedrals. The circular domes typical of Armenian churches were copied in Western Europe and in Ottoman Turkey. The best example of the distinctive architectural sculpture used to adorn such churches is the early tenth−century Church of the Holy Cross on an island in Lake Van. The architecture of contemporary Erevan is distinguished by the use of pinkish tufa stone and a combination of traditional Armenian and Russian styles.

Armenian painting is generally considered to have originated with the illumination of religious manuscripts that thrived from the ninth to the seventeenth century. Armenian painters in Cilicia and elsewhere enriched Byzantine and Western formulas with their unique use of color and their inclusion of Oriental themes acquired from the Mongols. Many unique Armenian illuminated manuscripts remain in museums in the West.

The nineteenth century saw a blooming of Armenian painting. Artists from that period, such as the portrait painter Hacop Hovnatanian and the seascape artist Ivan Aivazovsky, continue to enjoy international reputations. Notable figures of the twentieth century have included the unorthodox Alexander Bazhbeuk−Melikian, who lived a persecuted existence in Tbilisi, and the émigré surrealist Arshile Gorky (pseudonym of Vosdanik Adoian), who greatly influenced a generation of young American artists in New York. Other émigré painters in various countries have continued the tradition as well.

The Armenian literary tradition began early in the fifth century A.D. with religious tracts and histories of the Armenians. The most important of these were written by Agathangelos, Egishe, Movses Khorenatsi, and Pavstos Buzand. A secular literature developed in the early modern period, and in the eighteenth century Armenian Catholic monks of the Mekhitarist order began publishing ancient texts, modern histories, grammars, and

literature. In the nineteenth century, Armenians developed their own journalism and public theater. Khachatur Abovian wrote the first Armenian novel, *Verk Haiastani* (The Wounds of Armenia), in the early 1840s. Armenian literature and drama often depict struggles against religious and ethnic oppression and the aspirations of Armenians for security and self−expression.

National Traditions

Major Armenian holidays commemorate both religious and historical events. Besides Christmas and Easter, the most important holidays are Vartanants, the day marking the fifthcentury defense of Christianity against the Persians, and April 24, which commemorates the 1915 genocide of the Armenians in Turkey.

At times of celebration, Armenians enjoy traditional circle dances and distinctive Eastern music. Their music and their cuisine are similar to those of other Middle Eastern peoples. A typical Armenian meal might include lamb, rice pilaf, eggplant, yogurt, and a sweet dessert such as *paklava* (baklava). Armenians pride themselves on their close family ties, hospitality, and reverence for their national language and culture, an appreciation that is passed from one generation to the next.

Religion

Mostly Christians since the early fourth century A.D., the Armenians claim to represent the first state to adopt Christianity as an official religion. The independent Armenian church considers its founders to have been the apostles Bartholomew and Thaddeus and officially calls itself the Armenian Apostolic Church. (It is also referred to as the Armenian Orthodox Church or the Gregorian Church.) The conversion of Armenia by Saint Gregory the Illuminator occurred by about A.D. 314, although the traditional date is A.D. 306. Armenian Christians then remained under the powerful combined religious and political jurisdiction of the Byzantine Empire until the sixth century. At that point, the Armenian church asserted its independence by breaking with the Byzantine doctrine of Christ's dual (divine and earthly) nature, which had been expressed officially by the Council of Chalcedon in A.D. 451.

Since the schism, the Armenian Apostolic Church has been in communion only with the monophysite churches (those believing that the human and divine natures of Christ constitute a unity) of Egypt, Syria, and Ethiopia. Rather than embrace the monophysite doctrine, however, the Armenian church holds that Christ had both a divine and a human nature, inseparably combined in a complete humanity that was animated by a rational soul. The Armenian church also rejects the juridical authority of the pope and the doctrine of purgatory.

Although the Armenian Apostolic Church often is identified with the Eastern Orthodox churches of Eastern Europe, Russia, and Georgia, the Armenian church has been juridically and theologically independent since the early Middle Ages. As a national church, it has played a vital role in maintaining Armenian culture, through the preservation and expansion of written traditions and as a cultural focus for Armenians scattered around the world. In the long periods when Armenians did not have a state of their own, their church was both a political and a spiritual leader, and religion was at the center of the Armenian national self−image. Under the *millet* system by which the Ottoman Empire ruled subject peoples, the patriarch of Constantinople was recognized as the head of the Armenian community, and the Russian tsarist empire treated the catholicos, the titular head of the Armenian Apostolic Church, as the most important representative of the Armenian people.

The Armenian Apostolic Church is headed by Vazgen I, supreme catholicos of all Armenians, who resides in the holy city of Echmiadzin, west of Erevan. The membership of the church is split between a majority that recognizes the supreme catholicos without qualification and a minority that recognizes the catholicos of Cilicia,

whose seat is at Antilyas in Lebanon. Closely affiliated with the Armenian Revolutionary Federation (ARF), the minority branch of the church was hostile to any accommodation with communist regimes while Armenia was under Soviet rule. Both branches of the church have been closely identified with the movement for national independence, however. A split occurred within the United States membership of the Armenian Apostolic Church in 1933, when ARF sympathizers assassinated the Armenian archbishop of New York. Two factions remained distinct in the United States in the early 1990s.

Two additional patriarchates in Jerusalem and Istanbul lack the status of full catholicates. Three dioceses are located in other former Soviet republics, and twenty bishoprics function in other countries. Total church membership was estimated at 4 million in 1993. The Armenian Orthodox Academy and one seminary provide religious training.

About 94 percent of the population of Armenia belongs to the Armenian Apostolic Church. Small Roman Catholic and Protestant communities also exist in Armenia. Catholic missionaries began converting Armenians in the Ottoman and Persian empires in the early modern era, and American Protestant missionaries were active in the nineteenth century. The Kurdish population, which totaled 56,000 in 1993, is mostly Muslim but also includes many Christians. Kurds now constitute the largest Muslim group in Armenia because most Azerbaijani Muslim emigrated in the early 1990s. A Russian Orthodox community also exists.

The Armenian Diaspora

Beginning in the eleventh century, a long series of invasions, migrations, conversions, deportations, and massacres reduced Armenians to a minority population in their historic homeland on the Armenian Plateau.

Under these conditions, a large−scale Armenian diaspora of merchants, clerics, and intellectuals reached cities in Russia, Poland, Western Europe, and India. Most Armenians remaining in historical Armenia under the Ottoman Empire in the fifteenth century survived as peasant farmers in eastern Anatolia, but others resettled in Constantinople, Smyrna, and other cities in the empire. There they became artisans, moneylenders, and traders. In the nineteenth century, the political uncertainties that beset the Ottoman Empire prompted further insecurity in the Armenian population. Finally, the Young Turk government either massacred or forcibly removed the vast majority of Armenians from the eastern Anatolian provinces in 1915 (see Between Russia and Turkey , this ch.).

Today about half the world's Armenians live outside Armenia. Armenian communities have emerged in the Middle East, Russia, Poland, Western Europe, India, and North America, where Armenians have gained a reputation for their skill in crafts and in business. Although accurate statistics are not available, the Armenian diaspora is about equally divided between the 1.5 million Armenians in the other republics of the former Soviet Union and a similar number in the rest of the world. The postcommunist Republic of Armenia has officially defined the Armenian nation to include the far−flung diaspora, a policy in accord with the feelings of many diaspora Armenians.

A common theme in Armenian discourse is the need to preserve the culture and heritage of the Armenian people through education and mobilization of younger members of the community. In this task, the Republic of Armenia enjoys the enthusiastic support of the international Armenian community, which sees a new opportunity to impart information to the rest of the world about Armenian culture and especially to rectify perceived inattention to the tragedy of 1915.

The Armenian diaspora maintains its coherence through the church, political parties (despite their mutual hostilities), charitable organizations, and a network of newspapers published in Armenian and other languages. Armenian émigrés in the United States have endowed eight university professorships in Armenian studies. With

the reemergence of an independent Armenia, diaspora Armenians have established industries, a technical university, exchange programs, and medical clinics in Armenia. Several prominent diaspora Armenians have served in the Armenian government.

Education, Health, and Social Welfare

Men playing checkers at old−age home in Erevan Courtesy A. James Firth, United States Department of Agriculture I the first years of independence, Armenia made uneven progress in establishing systems to meet its national requirements in social services. Education, held in particular esteem in Armenian culture, changed fastest of the social services, while health and welfare services attempted to maintain the basic state−planned structure of the Soviet era.

Education

A literacy rate of 100 percent was reported as early as 1960. In the communist era, Armenian education followed the standard Soviet model of complete state control (from Moscow) of curricula and teaching methods and close integration of education activities with other aspects of society, such as politics, culture, and the economy. As in the Soviet period, primary and secondary school education in Armenia is free, and completion of secondary school is compulsory. In the early 1990s, Armenia made substantial changes to the centralized and regimented Soviet system. Because at least 98 percent of students in higher education were Armenian, curricula began to emphasize Armenian history and culture. Armenian became the dominant language of instruction, and many schools that had taught in Russian closed by the end of 1991. Russian was still widely taught, however, as a second language.

In the 1990−91 school year, the estimated 1,307 primary and secondary schools were attended by 608,800 students. Another seventy specialized secondary institutions had 45,900 students, and 68,400 students were enrolled in a total of ten postsecondary institutions that included universities. In addition, 35 percent of eligible children attended preschools. In the 1988−89 school year, 301 students per 10,000 population were in specialized secondary or higher education, a figure slightly lower than the Soviet average. In 1989 some 58 percent of Armenians over age fifteen had completed their secondary education, and 14 percent had a higher education. In 1992 Armenia's largest institution of higher learning, Erevan State University, had eighteen departments, including ones for social sciences, sciences, and law. Its faculty numbered about 1,300 teachers and its student population about 10,000 students. The Erevan Architecture and Civil Engineering Institute was founded in 1989. Eight other institutions of higher learning, all located in Erevan, teach agriculture, fine arts and theater, economics, music, applied science and technology, medicine, pedagogy and foreign languages, and veterinary medicine.

Health

The social and economic upheavals that followed the earthquake of 1988 combined with the political collapse of the Soviet Union to create a catastrophic public health situation in Armenia. According to Soviet statistics published between 1989 and 1991, the incidence of tuberculosis, viral hepatitis, and cancer were among the lowest in the Soviet republics (see table 2, Appendix). In 1990 the rates of infant mortality and maternal mortality, 17.1 and 34.6 per 1,000 population, respectively, were also among the lowest rates in the Soviet Union.

The level of medical care declined rapidly in the late 1980s and the early 1990s, however, largely because of the Azerbaijani blockade and the additional stress caused by war casualties. Even in 1990, Armenia ranked lowest among the republics in hospital beds per 1,000 population and exactly the Soviet Union average for doctors per 1,000 population. Before 1991 Armenia had acquired stocks of medical supplies and equipment, thanks largely to

the Western aid projects that followed the 1988 earthquake. By 1992, however, the trade blockade had made the supply of such basic items as surgical gloves, syringes, and chlorine for water purification unreliable. In the escalating medical crisis that resulted from this vulnerability, elderly people and newborns were particularly at risk; in late 1992 and early 1993, healthy infants reportedly were dying in hospitals because of the cold and the lack of adequate equipment.

In December 1992, President Ter−Petrosian declared Armenia a disaster area and appealed to the UN Security Council to focus on the crisis in the republic. Government officials estimated that without emergency humanitarian aid some 30,000 people would die. Early in 1993, the United States launched Operation Winter Rescue to send needed assistance to Armenia. In June Project Hope sent US$3.9 million worth of medicine from the United States. From mid−1992 to mid−1993, United States medical assistance totaled US$20 million.

All hospitals in Armenia are under the jurisdiction of the Ministry of Health or the Erevan Health Department.

In 1993 about 29,900 hospital beds were available. Hospitals generally had surgical, physical therapy, pediatric, obstetric/gynecological, and infectious disease wards. But according to reports, by 1993 more than half the hospitals in Armenia had ceased functioning because electricity, heat, or supplies were lacking.

Thirty−seven polyclinics serve the rural areas, which have no comprehensive health centers; such clinics are each designated to provide basic medical services to about 10,000 people. Sixty−two outpatient centers specialize in child or adult medicine in urban areas. Immunizations against certain diseases are given to most infants before they are one year old: in 1991 some 95 percent of infants were immunized against poliomyelitis, 88 percent against diphtheria, and 86 percent against pertussis.

Between 1986 and 1994, two cases of acquired immune deficiency syndrome (AIDS) were reported in Armenia: one foreigner who was subsequently deported, and one Armenian who contracted the disease in Tanzania and was treated in Armenia. Experts believe that the Azerbaijani blockade has acted to limit the incidence of AIDS. Although no AIDS clinics are operating, some research has been conducted. In 1992 Armenian scientists announced the discovery of a possible treatment compound.

Social Welfare

The social safety net also weakened drastically in the first years of independence. Beginning in 1989, a large share of national expenditures on welfare services went to the victims of the earthquake. In the early 1990s, Armenia nominally retained the Soviet−era system of social services (retirement, survivor, and disability pensions; allowances to the parents of newborn children; sick and maternity leave; unemployment compensation; and food subsidies). In the early 1990s, however, acute budget shortages brought severe cuts in almost all the social welfare programs of the Soviet era and their replacement by intermittent foreign aid programs. The Ministry of Labor and Social Security allocates social benefits and charitable aid from outside the country. In 1993 only 35 percent of those officially considered unemployed received jobless benefits (see Labor and the Standard of Living , this ch.).

The Economy

In 1991, Armenia's last year as a Soviet republic, national income fell 12 percent from the previous year, and per capita gross national product (GNP see Glossary) was 4,920 rubles, just 68 percent of the national average for the Soviet Union. In large part because of the earthquake of 1988, the Azerbaijani blockade that began in 1989, and the collapse of the internal trading system of the Soviet Union, the Armenian economy of the early 1990s

remained far below its 1980 production levels. In the first two years of independence (1992−93), inflation was extremely high, productivity and national income dropped dramatically, and the national budget ran large deficits.

Modern Economic History

American University of Armenia, formerly Communist Party Higher School, Erevan Courtesy Monica O'Keefe, United States Information Agency A the beginning of the twentieth century, the territory of present−day Armenia was a backward agricultural region with some copper mining and cognac production. From 1914 through 1921, Caucasian Armenia suffered from war, revolution, the influx of refugees from Turkish Armenia, disease, hunger, and economic misery. About 200,000 people died in 1919 alone. At that point, only American relief efforts saved Armenia from total collapse.

The first Soviet Armenian government regulated economic activity stringently, nationalizing all economic enterprises, requisitioning grain from peasants, and suppressing most private market activity. This first experiment in state control ended with the advent of Soviet leader Vladimir I. Lenin's New Economic Policy (NEP) of 1921−27. This policy continued state control of the large enterprises and banks, but peasants could market much of their grain and small businesses could function. In Armenia the NEP years brought partial recovery from the economic disaster of the post−World War I period. By 1926 agricultural production in Armenia had reached nearly three−quarters of its prewar level.

By the end of the 1920s, Stalin's regime had revoked the NEP and established a state monopoly on all economic activity. Once this occurred, the main goal of Soviet economic policy in Armenia was to turn a predominantly agrarian and rural republic into an industrial and urban one. Among other restrictions, peasants now were forced to sell nearly all their output to state procurement agencies rather than at the market. From the 1930s through the 1960s, an industrial infrastructure was constructed. Besides hydroelectric plants and canals, roads were built and gas pipelines were laid to bring fuel and food from Azerbaijan and Russia.

The Stalinist command economy, in which market forces were suppressed and all orders for production and distribution came from state authorities, survived in all its essential features until the fall of the Soviet government in 1991. In the early stages of the communist economic revolution, Armenia underwent a fundamental transformation into a proletarian society. Between 1929 and 1939, the percentage of Armenia's work force categorized as industrial workers grew from 13 percent to 31 percent. By 1935 industry supplied 62 percent of Armenia's economic production. Highly integrated and sheltered within the artificial barter economy of the Soviet system from the 1930s until the end of the communist era, the Armenian economy showed few signs of self−sufficiency at any time during that period. In 1988 Armenia produced only 0.9 percent of the net material product (NMP see Glossary) of the Soviet Union (1.2 percent of industry, 0.7 percent of agriculture). The republic retained 1.4 percent of total state budget revenue, delivered 63.7 percent of its NMP to other republics, and exported only 1.4 percent of what it produced to markets outside the Soviet Union.

Armenian industry was especially dependent on the Soviet military−industrial complex. About 40 percent of all enterprises in the republic were devoted to defense, and some factories lost 60 to 80 percent of their business in the last years of the Soviet Union, when massive cuts were made in national defense expenditures.

As the republic's economy faces the prospect of competing in world markets in the mid−1990s, the greatest liabilities of Armenian industry are its outdated equipment and infrastructure and the pollution emitted by many of the country's heavy industrial plants (see Environmental Problems , this ch.).

Natural Resources

Although Armenia was one of the first places where humans smelted iron, copper is the most important raw material mined there today. Deposits of zinc, molybdenum, gold, silver, bauxite, obsidian, and semiprecious stones, as well as marble, granite, and other building materials, are also present. Significant expansion is believed possible in the exploitation of most of those materials, which until the mid−1990s had been largely untouched. Some oil deposits have been identified, but the complex geology of the region makes recovery difficult and expensive. In 1993 an American expedition tentatively identified further deposits of natural gas and oil, but exploitation was not expected for several years.

Agriculture

Woman feeding chickens in a rural village Courtesy Aline Taroyan A menia has 486,000 hectares of arable land, about 16 percent of the country's total area. In 1991 Armenia imported about 65 percent of its food. About 10 percent of the work force, which is predominantly urban, is employed in agriculture, which in 1991 provided 25.7 percent of the country's NMP. In 1990 Armenia became the first Soviet republic to pass a land privatization law, and from that time Armenian farmland shifted into the private sector at a faster rate than in any other republic. However, the rapidity and disorganization of land reallocation led to disputes and dissatisfaction among the peasants receiving land. Especially problematic were allocation of water rights and distribution of basic materials and equipment. Related enterprises such as food processing and hothouse operations often remained in state hands, reducing the advantages of private landholding.

By 1992 privatization of the state and collective farms, which had dominated Armenian agriculture in the Soviet period, had put 63 percent of cultivated fields, 80 percent of orchards, and 91 percent of vineyards in the hands of private farmers. The program yielded a 15 percent increase in agricultural output between 1990 and 1991. In 1993 the government ended restrictions on the transfer of private land, a step expected to increase substantially the average size (and hence the efficiency) of private plots. At the end of 1993, an estimated 300,000 small farms (one to five hectares) were operating. In that year, harvests were bountiful despite the high cost of inputs; only the disastrous state of Armenia's transportation infrastructure prevented relief of food shortages in urban centers (see Transportation and Telecommunications , this ch.).

Agriculture is carried out mainly in the valleys and mountainsides of Armenia's uneven terrain, with the highest mountain pastures used for livestock grazing. Fertile volcanic soil allows cultivation of wheat and barley as well as pasturage for sheep, goats, and horses. With the help of irrigation, figs, pomegranates, cotton, apricots, and olives also are grown in the limited subtropical Aras River valley and in the valleys north of Erevan, where the richest farmland is found. Armenia also produces peaches, walnuts, and quince, and its cognac enjoys a worldwide reputation.

Irrigation is required by most crops, and the building of canals and a system of irrigation was among the first major state projects of the Soviet republic in the 1920s. By the 1960s, arable land had been extended by 20 percent, compared with pre−Soviet times. Most farms had electricity by the early 1960s, and machinery was commonplace. In the Soviet era, women made up most of the agricultural work force; a large percentage of the younger men had responded to the Soviet industrialization campaign by migrating to urban centers. In 1989 farms were operating about 13,400 tractors and 1,900 grain and cotton combines.

The principal agricultural products are grains (mostly wheat and barley), potatoes, vegetables, grapes, berries, cotton, sugar beets, tobacco, figs, and olives. In 1989 Armenia produced 200,000 tons of grain, 266,000 tons of potatoes, 485,000 tons of vegetables, 117,000 tons of sugar beets, 170,000 tons of fruit, 119,000 tons of grapes,

105,000 tons of meat, 491,000 tons of milk, and 561,000 tons of eggs.

Industry

The most important elements of Armenian heavy industry are metal working, machinery manufacture, electronics, and the production of chemicals, petrochemicals, fertilizers, and building materials (see table 3, Appendix). In 1993, with the aid of British and Russian specialists, a chemical combine was designed to streamline production and marketing of Armenia's chemical products, which had been among the republic's most profitable outputs in the Soviet system. In the later Soviet period, the country became known for its high−quality scientific research, particularly in computer science, nuclear and elementary particle physics, and astrophysics. An estimated 30 percent of Armenia's industrial production infrastructure was destroyed or damaged by the earthquake of 1988.

In the Soviet period, Armenian industry contributed trucks, tires, elevators, electronics, and instruments to the union economy, but several of the plants in those sectors also were lost in 1988. In the years of the Azerbaijani blockade, heavy industrial production has declined sharply because the supply of fuels and electricity has been limited and the price of raw materials has become prohibitive.

Armenian plants were an important part of the Soviet military industrial complex, producing a variety of equipment. In the early 1990s, the Armenian Ministry of Defense attempted to reestablish agreements with the defense establishments of Russia and other member countries of the Commonwealth of Independent States (CIS see Glossary). Such a move would enable Armenia to resume production of sophisticated electronic air defense components, which would significantly bolster the domestic economy.

Armenia's most important light consumer products are knitted clothing and hosiery, canned goods, aluminum foil for food packaging, and shoes. Most durable consumer goods are imported (see table 4, Appendix). In 1993 production of consumer products declined even more sharply than other sectors. Food imports increased dramatically to compensate for a 58 percent drop in domestic food processing from 1991 to 1992.

Overall industrial production in 1993 was about 60 percent of that in 1992, but the percentage rose steadily through 1993 after a very slow beginning. Food production for 1993, however, was only 50 percent of the 1992 amount, retail sales were 58 percent, and paid services to the population were 32 percent.

Energy

In 1990 Armenia produced less than 1 percent of its energy requirement, which was filled by imports from Russia (50 percent) and other republics of the Soviet Union. In the late Soviet era, Armenia had a share in the Joint Transcaucasian Power Grid, but that arrangement and short−term supply agreements with Azerbaijan ended with the Nagorno−Karabakh conflict. The 1988 earthquake destroyed the largest nonnuclear thermoelectric plant; two remaining plants are located south of Erevan and near Razdan, northeast of Erevan.

Hydroelectric plants provide 30 percent of domestic electricity, but the output of the largest producer, the Razdan Hydroelectric Plant, was cut drastically because of its negative effect on the water level of its source, Lake Sevan. By early 1994, however, a fifth hydroelectric generating unit was under construction, with international funding, to help alleviate the energy shortage. Planners are also considering construction of two medium−sized hydroelectric stations on the Dzoraget and Debet rivers in the far north, or 300 to 450 small stations on lakes. The obstacle to such plans is the high cost of importing technology.

In the early 1990s, severe shortages of energy led to blackouts, periodic shutdowns of the subway system, inadequate heating of urban buildings, and the further decline of industry. Schools, institutes, and universities were closed through the winters of 1991−92 and 1992−93.

In the 1980s, Soviet planners had attempted to improve Armenia's power generation capacity by building the Armenian Atomic Power Station at Metsamor. However, that station's two reactors were shut down after the 1988 earthquake to avoid future earthquake damage that might cause an environmental catastrophe. The heat and power crisis caused by the Azerbaijani blockade instituted in 1991 caused the government to reconsider use of Metsamor, despite the station's location in earthquake−prone northern Armenia and the possibility of a terrorist attack that could release large amounts of radiation.

In 1993 Metsamor had an estimated capacity to provide 20 percent of Armenia's energy requirements. Plans were made for startup of one of the two reactors by 1995 after careful equipment testing and international technical assistance with the provision that the plant would remain closed if alternative sources of power could relieve the acute shortage of the prior three years.

In 1993 the delivery of electric power to industrial consumers was cut to one−third of the 1992 level. Under continued blockade conditions, the winter of 1993−94 brought acute shortages of coal, heating oil, and kerosene to heat homes and city apartment buildings and to keep industries running. Significant deposits of high−quality coal have been identified in Armenia, with holdings estimated at 100 million tons. But exploitation would require massive deforestation, a consequence that is considered environmentally prohibitive. In September 1993, Turkmenistan agreed to deliver 8.5 million cubic meters of natural gas per day during the winter, as well as kerosene and diesel fuel in 1994. (Turkmenistan was already an important fuel supplier to postcommunist Armenia.) Although Georgia guaranteed full cooperation in maintaining gas delivery through its pipeline into Armenia, in 1993 explosions on the line interrupted the flow twelve times.

Azerbaijani groups in Georgia were assumed to be responsible for the bombings.

Postcommunist Economic Reform

Woman working in a cognac factory, Erevan Courtesy Aline Taroyan Woman working in a shoe repair shop, Erevan Courtesy Aline Taroyan W en Mikhail S. Gorbachev began advocating economic reform in the late 1980s, Armenians introduced elements of the free market and privatization into their economic system. Cooperatives were set up in the service sector, particularly in restaurants although substantial resistance came from the CPA and other groups that had enjoyed privileged positions in the old economy. In the late 1980s, much of the Armenian economy already was operating either semi−officially or illegally, with widespread corruption and bribery.

The so−called mafia, made up of interconnected groups of powerful officials and their relatives and friends, sabotaged the efforts of reformers to create a lawful market system. When the December 1988 earthquake brought millions of dollars of foreign aid to the devastated regions of Armenia, much of the money went to corrupt and criminal elements.

Beginning in 1991, the democratically elected government pushed vigorously for privatization and market relations, although its efforts were frustrated by the old ways of doing business in Armenia, the Azerbaijani blockade, and the costs of the war in Nagorno−Karabakh. In 1992 the Law on the Program of Privatization and Destatization of Incompletely Constructed Facilities established a state privatization committee, with members from all political parties. In mid−1993 the committee announced a two−year privatization program, whose first stage would be privatization of 30 percent of state enterprises, mostly services and light industries.

The remaining 70 percent, including many bankrupt, nonfunctional enterprises, were to be privatized in a later stage with a minimum of government restriction, to encourage private initiative. For all enterprises, the workers would receive 20 percent of their firm's property free of charge; 30 percent would be distributed to all citizens by means of vouchers; the remaining 50 percent was to be distributed by the government, with preference given to members of the labor organization. A major problem of this system, however, is the lack of supporting legislation covering foreign investment protection, bankruptcy, monopoly policy, and consumer protection.

In the first postcommunist years, efforts to interest foreign investors in joint enterprises were only moderately successful because of the blockade and the energy shortage. Only in late 1993 was a department of foreign investments established in the Ministry of Economics, to spread information about Armenian investment opportunities and improve the legal infrastructure for investment activity. A specific goal of this agency is creating a market for scientific and technical intellectual property.

A few Armenians living abroad made large−scale investments. Besides a toy factory and construction projects, diaspora Armenians built a cold storage plant (which in its first years had little produce to store) and established the American University of Armenia in Erevan to teach the techniques necessary to run a market economy.

Armenia was admitted to the International Monetary Fund (IMF see Glossary) in May 1992 and to the World Bank (see Glossary) in September. A year later, the government complained that those organizations were holding back financial assistance and announced its intention to move toward fuller price liberalization and the removal of all tariffs, quotas, and restrictions on foreign trade. Although privatization had slowed because of the catastrophic collapse of the economy, Prime Minister Hrant Bagratian informed United States officials in the fall of 1993 that plans had been made to embark on a renewed privatization program by the end of the year.

Labor and the Standard of Living

The abrupt termination of economic relations with many former Soviet republics, each concerned with its own immediate needs, forced reduction of the work force and plant closings in Armenia. In the years following, the effects of the Nagorno−Karabakh conflict continued and exacerbated the trend. In 1991 some 39 percent of the active work force was employed in industry and construction; 21 percent in the arts, education, and health; 19 percent in agriculture and forestry; 7 percent in transportation and communications; and 6 percent in commerce and food services (see table 5, Appendix).

About 96,000 persons were officially classified as unemployed in September 1993, a 55 percent increase since the beginning of the year. Another 150,000 workers were expected to apply for government support grants before the end of 1993.

About 800,000 Armenians (just under 24 percent of the population) were homeless in 1991. Especially hard−hit by unemployment was the highly skilled work force that had been employed in the Soviet military−industrial complex until that sector of the economy was severely cut in the late 1980s. Conversion of plants to civilian production progressed slowly in the early 1990s; according to one estimate, 120,000 jobs were lost during this process.

In 1988 the Armenian living standard was slightly lower than that of the Soviet Union as a whole. The per capita consumption by Armenians was 12 percent below the average for Soviet republics. Average daily nutritional consumption was 2,932 calories, of which 45 percent was grains and potatoes (see table 6, Appendix).

After the fall of the Soviet Union, living standards in Armenia fell precipitously. By the end of 1993, the fall in production, shortages of food and fuel, and rapid hyperinflation had reduced the living standard of an estimated

90 percent of Armenians to below the official poverty line. In the winter of 1993−94, average monthly income was enough to pay for rent and public transportation, plus either ten eggs or 300 grams of butter. Fish and bread, still under price controls, were the only affordable staple foods. Average per capita housing space in 1993 was fifteen square meters.

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The National Financial Structure

The various aspects of Armenia's financial system were reformed or replaced piecemeal in the early 1990s, with the national cash flow severely restricted by the strangulation of foreign trade and diversions to support military operations and emergency humanitarian needs (see table 7, Appendix).

Banking reforms in Armenia moved somewhat more slowly than in other former Soviet republics. In late 1991, the specialized state banks of the Soviet system were converted into joint−stock commercial banks, and some new commercial banks were formed. But the State Bank of Armenia (Gosbank Armenia) and the Bank for Foreign Economic Affairs remained official branches of central state banks in Moscow. The consequence was diminished local control over monetary policy.

A new Central Bank of Armenia was not fully established until early 1994, and even then the bank was not entirely free of state control. The global financial community considers the bank's independence vital to normalization of Armenia's international financial dealings, along with stabilization of the dram (for the value of the dram see Glossary), the national currency established in 1993, and regularization of the dispersal of state pension allowances. In 1993 official exchange rates for the dram were as much as 100 percent more than black−market rates, which economists consider the more accurate value. Because of a shortage of hard currency in 1993, banks tried to restrict sales of hard currency that would further diminish the exchange value of the dram.

The National Budget

The tax base of the 1992 budget was to include a new value−added tax (VAT see Glossary), several excise taxes, and a revised system of enterprise and personal income taxes. Hard−currency export earnings were to be taxed at 25 percent. The fastest−growing expenditure categories were national defense and allowances to citizens to mitigate the effects of price liberalization. The 1992 budget called for a cut of about 45 percent in real expenditures (equivalent to a nominal increase of 155 percent), which would still leave a deficit of 1.2 billion rubles, or 11 percent of total expenditures. Budgets were extremely difficult to plan because of the Azerbaijani blockade and the unpredictable inflation rate.

Price Policy

In mid−1990 the government introduced a three−stage price reform program, implementation of which was severely hindered by the contraction of the national economy. The purpose of the first stage was to improve agricultural production incentives by raising government procurement prices for staple products. The second stage raised wholesale prices and tariffs to bring them closer to world market levels and to stimulate price negotiations. The third stage fixed prices (usually at increases of 300 to 500 percent) for food, medicine, utilities, and transportation, but it freed the prices of most other items. Experts believed that prices would not reach true

equilibrium until the end of shortages caused by the blockade.

Between December 1992 and September 1993, annual price increases for various goods and services ranged from nearly 600 to over 1,200 percent. Whereas the average monthly increase for all expenditures in 1993 was 23 percent, the rate fell considerably in the second half of the year. By the summer of 1993, monthly increases had fallen below 17 percent.

Transportation and Telecommunications

Figure 7. Transportation System of Armenia, 1994 A menia's mountainous topography, landlocked location, and antagonistic neighbors have made movement of goods and maintenance of a transportation system difficult. Despite these problems, however, the country's air, rail, and highway networks serve the nation's needs adequately. Domestic movement of goods is occasionally hampered by poor maintenance of roads. In addition, since independence in 1991, movement of goods across international borders has frequently been disrupted because many of the country's important rail and highway links with the outside world pass through Azerbaijan. Beginning in 1989, complete stoppage of international trade across this border led to escalating food and fuel shortages in Armenia.

In 1991 Armenia had 11,300 kilometers of roads, of which about 10,500 kilometers were paved. Most roads radiate from Erevan, and in the western part of the country four−lane highways connect major cities (see fig.

7). The main route for international travel of passengers and goods before the start of the conflict with Azerbaijan was Route M24, which leads northeast out of Erevan to connect with Route M27, the principal east−west highway across the Caucasus Mountains. Other major highways extend southeast from the capital to southern Armenia, southeast to Azerbaijan's Nakhichevan Autonomous Republic, and west to the populated areas of western Armenia and to the Turkish border.

In 1992 Armenia had about 100,000 state−owned vehicles (automobiles, trucks, taxis, and buses). Observers noted, however, that at any given time about one−third of these vehicles were inoperable because of poor maintenance and unavailability of spare parts. Average vehicle age in 1992 was 6.5 years.

Armenia had 825 kilometers of mainline railroad track in 1992, excluding several small industrial lines. Most lines are 1.520−meter broad gauge, and the principal routes are electrified. The rail system is roughly configured like a Y and has lines radiating from a central point just south of Erevan. The northeast branch roughly parallels Route M24 to Azerbaijan. About 85 percent of all goods used in Armenia are imported by rail, and before the conflict with Azerbaijan, most came via this rail line. Closure of the line at the international border during the early 1990s has caused severe disruption to the Armenian economy. The southern branch of the line extends south toward the Turkish border, where it turns southeast into Nakhichevan. The war with Azerbaijan has stopped service on this segment of the rail system as well.

In 1994 the last operative portion of the country's rail lines was the northwest branch of the Y, which winds through the populated areas of northwestern Armenia before crossing into Georgia. A short spur of this line at Gyumri connects with the Turkish rail system. However, a difference in gauge with the Turkish system means that goods crossing the Turkish border must undergo a time−consuming reloading process.

In 1991 Armenia Railways, the state−owned rail system, operated with 100 electric and eighty diesel locomotives. Delays in the delivery of spare parts from Russia have been a nagging problem in the maintenance of the system. Cannibalization of rolling stock to obtain parts has severely reduced service.

Erevan's new subway system was still largely under construction in the early 1990s. In 1994 nine stations had opened on the first ten−kilometer section of heavy−rail line. This first line connected Erevan's industrial area with the downtown area and the main rail station. Work on an additional four kilometers was slowed by the 1988 earthquake. Plans called for an eventual system of forty−seven kilometers organized into three lines.

Armenia's principal airport, Zvartnots, is about seven kilometers from downtown Erevan. With a runway approximately 2,700 kilometers long, the airport can handle airplanes as large as the Russian Tu−154 and IL−86 or the Boeing 727. In 1993 the airport handled about 34,000 tons of freight. The State Airlines Company of Armenia, the new state−run airline, provides direct or nonstop service to about a dozen cities of the former Soviet Union, as well as to Paris. The Russian and Romanian national airlines also provide regular international air service into Erevan. Since the beginning of the war with Azerbaijan, fuel shortages have curtailed expansion of passenger and cargo service, however. Several other airports elsewhere in Armenia have paved runways, but most are used for minor freight transport. Although air cargo has the potential to relieve the effects of the Azerbaijani blockade of land routes, efforts to fly in aviation kerosene were frustrated in 1993 by corruption in the Main Administration for Aviation and by high prices charged by Russian suppliers.

Armenia's one major natural gas pipeline branches off the main Transcaucasian line that runs from Russia through Georgia to Baku. The Armenian spur begins in western Azerbaijan and reaches its main terminus in Erevan. In all, Armenia has 900 kilometers of natural−gas pipeline. Armenia imports most of its fuel and, before the war with Azerbaijan, imported 80 percent of its fuel from Azerbaijan via the pipeline or in rail tanker cars. Like Armenia's rail and highway links, the pipeline from Azerbaijan has been closed by the Azerbaijani blockade.

In 1991 the American Telephone and Telegraph Company (AT&T) installed 200 long−distance circuits in Armenia, which gave the republic the capacity, available elsewhere in the former Soviet Union only in Moscow, to receive direct−dial international calls. Radio and television are controlled by the State Committee for Television and Radio Broadcasting. Ten AM and three FM radio stations broadcast from Erevan, Kamo, and Sisian. Broadcasts are in Armenian, Kurdish, and Russian to points within Armenia, and in those languages plus Arabic, English, French, Persian, Spanish, and Turkish to points outside the country. The single television station broadcasts in Armenian and Russian. According to Soviet statistics of the late 1980s, between 90 and 95 percent of Armenian homes had radios or televisions. No statistics are available for the blockade years, but experts believe that under blockade conditions substantially fewer Armenians have had regular access to broadcast information.

Foreign Trade

In the Soviet period, Armenia traded almost solely with the union's other republics. A foreign trade organization (FTO) controlled each product group, and exports by each Armenian enterprise were determined by the State Planning Committee (commonly known by its Russian acronym, Gosplan) in Moscow.

Enterprises had no control over the size or destination of shipments of their products. Together with Estonia and Tajikistan, Armenia had the highest level of imports among the Soviet republics. Its exports consisted mostly of semifinished goods that needed processing in other republics.

In the years since the breakup of the Soviet Union, Armenia's economy has been hurt by the need to import much of its food and almost all of its oil and gas. In 1989 the FTO monopoly was removed, allowing enterprises to seek their own buyers and sellers abroad. In 1992 the government removed most state controls over foreign trade. Export licensing continued to protect enterprises from fraud and to enforce domestic market quotas. In the early 1990s, most of Armenia's exports went to Russia, Eastern Europe, and various developing countries (see table 8, Appendix). By January 1992, Armenia had signed bilateral trade protocols with most of the former Soviet

republics. To ensure flexibility in the face of future price liberalization, prices were to be set in direct negotiation between enterprises. Enterprises were not strictly bound by protocols signed by their respective governments, although quotas remained a possibility. At this stage, all payments were to be in rubles.

In 1990 Armenia's largest sources of export income were light industrial products (mostly knit clothing, shoes, and carpets), machines and metal products, processed foods, and chemical products. The highest total expenditures on imports were for light industrial products, processed foods, chemical products, energy and fuels, and unprocessed agricultural products. In 1990 Armenia showed a trade deficit of 869 million rubles in industrial goods and a deficit of 278 million rubles in agricultural goods.

In April 1992, Armenia became the first former Soviet republic to sign a comprehensive bilateral trade agreement with the United States and the first to receive most−favored−nation status. Canada soon followed in granting Armenia similar status. In planning future trade, Armenia expected to rely heavily on foreign markets for products from its newly organized complex of chemical enterprises, for which demand was identified in the former Soviet republics, Eastern Europe, Iran, Syria, Turkey, Argentina, and Australia.

Government and Politics

The Republic of Armenia declared its sovereignty on August 23, 1990, and became an independent state a year later, on September 23, 1991. In October 1991, Levon Ter−Petrosian, who had been elected democratically as chairman of the Armenian Supreme Soviet under the Soviet system in 1990, was chosen president of the republic in a six−candidate election. As of early 1994, Armenia was a reasonably stable democratic state, although its party structure was fractious and its legislative branch ineffectual. Because no consensus could be reached on a new constitution, a standoff between parliament and the president remained unresolved in early 1994.

Parliament

The 248 members of Armenia's unicameral parliament (Geraguin khorhurt in Armenian, officially retaining the term Supreme Soviet" from the communist era) are elected for five−year terms and meet for six months each year. The prime minister and the Council of Ministers, which together constitute the executive branch of the government, are chosen from parliament. Although half the members of parliament (124) must be present for a quorum, a majority of the votes of the entire body (125) is needed to pass laws. In the early 1990s, because more than 160 members were rarely present and the ruling party did not have a majority in the body, the parliament was proving unable to act decisively on major legislative issues. Moreover, a two−thirds majority of the parliament (165) is needed to override a presidential veto. In the absence of a constitution, however, the parliament has issued laws regulating the relations and powers of the branches of government.

The Presidium, the parliament's executive body, administers parliament when it is not in session. The Presidium is made up of the president of the republic (whose title is also chairman of parliament), two deputies, the secretary of the parliament, and the twelve chairmen of permanent parliamentary committees.

Often laws are initiated by the president of the republic, sent to the Presidium for review, and then passed on to appropriate committees before being reviewed and voted upon by the whole parliament. (Besides permanent committees, the parliament can create temporary committees to deal with specific issues.)

Once parliament passes a law, the president of the republic, who also may participate in parliamentary debates, must sign or veto within two weeks. In early 1994, parliament had not yet passed legislation replacing Soviet−era laws in several major areas: criminal and civil codes, administrative violations, marriage and family, labor rights and practices, land tenure, and housing.

The Presidency

As it has developed in the 1990s, the Armenian presidency is the most powerful position in government. More than a ceremonial head of state, the president is the most active proposer of new legislation, the chief architect of foreign and military policy, and, during Armenia's prolonged state of national emergency, the unchallenged center of government power in many areas.

Levon Ter−Petrosian, a former philologist and a founding member of the Karabakh Committee, became the first president of independent Armenia in 1991. Ter−Petrosian has occupied the political center of Armenian politics as the single most important politician in the country and the principal advocate of moderate policies in the face of nationalist emotionalism. The parliamentary plurality that Ter−Petrosian's party, the Armenian Pannational Movement (APM), enjoyed at the formation of the republic in 1991 enhanced presidential authority at the expense of parliament, where the majority of seats were divided among many parties.

Beginning in 1992, Ter−Petrosian took several controversial unilateral actions on major issues, which brought accusations of abuse of power.

State Administrative Bodies

The Council of Ministers, which performs the everyday activities of the executive branch of government, is presided over by the prime minister, who reports directly to the president and to parliament. The prime minister is named by the president but must be approved by parliament. The members of the council are appointed by joint decision of the president and the prime minister.

The Council of Ministers underwent a series of changes in the early 1990s as Ter−Petrosian sought a prime minister with whom he could work effectively. As a result, four men occupied that position between 1991 and 1993. The principal source of friction within government circles is factional disagreement about the appropriate elements and pace of economic reform. In the first years of independence, most of the members of the council have belonged to the APM. In 1994 the Council of Ministers included the following ministries:

agriculture, architecture and urban planning, communications, construction, culture, defense, economics, education, energy and fuel, environment, finance, food and state procurement, foreign affairs, health, higher education and science, industry, internal affairs, justice, labor and social security, light industry, national security, natural resources, trade, and transportation.

In addition to the regular ministries, state ministries coordinate the activities of ministries having overlapping jurisdictions. State ministers rank higher than regular ministers. In 1994 there were six state ministries:

agriculture, construction, energy and fuel, humanitarian assistance, military affairs, and science and culture.

State agencies have responsibilities similar to those of ministries, but they are appointed by and report directly to the president.

The Judiciary

With no constitution in place, the structure of the new Armenian judiciary remains unformalized. Most judges are holdovers from the Soviet period, and the power to appoint judges has not been decided between the legislative

and executive branches. Appointment and training of new judges is a high priority in replacing the Soviet judicial system with an independent judiciary.

District courts are the courts of first instance. Their judges are named by the president and confirmed by the parliament. The Supreme Court, whose chief justice is nominated by the president and elected by a simple majority of parliament, provides intermediate and final appellate review of cases. The court includes a three−member criminal chamber and a three−member civil chamber for intermediate review and an eleven−member presidium for final review. The full, thirty−two member court provides plenary appellate review.

The general prosecutor is nominated by the president and elected by parliament. The general prosecutor's office moves cases from lower to higher courts, oversees investigations, prosecutes federal cases, and has a broad mandate to monitor the activities of all state and legal entities and individual citizens. The general prosecutor appoints district attorneys, the chief legal officers at the district level.

The Constitution

As of early 1994, adoption of a constitution for the Republic of Armenia remained a controversial and unresolved project. In the meantime, the 1978 constitution, a replica of the Soviet Union's 1977 document, remained in effect except in cases where specific legislation superseded it. At the end of 1992, the president and the APM parliamentary delegates presented a draft constitution. They put forward a revised version in March 1993. Then, after nearly a year's work, a bloc of six opposition parties led by the Armenian Revolutionary Federation (ARF) presented an alternative constitution in January 1994 that would expand the parliament's power, limit that of the president, expand the authority of local government, allow Armenians everywhere to participate in governing the republic, and seek international recognition of the 1915 massacre.

As 1994 began, observers expected a long struggle before parliament adopted a final version.

Local Government

The republic is divided into thirty−seven districts, or *gavarner*, each of which has a legislative and administrative branch replicating the national structures. Pending adoption of a new constitution prescribing a division of power, however, all major decisions are made by the central government and are merely implemented by the district administrations.

Political Parties

During Armenia's seventy years as a Soviet republic, only one party, the Communist Party of Armenia (CPA), was allowed legal status. As a branch of the Communist Party of the Soviet Union, it ruled under the direct orders of the leadership in Moscow. Following the collapse of communist authority, two major parties and dozens of minor ones competed for popularity along with the remnants of the CPA.

In the years following independence, the most vocal and powerful opposition party was the Armenian Revolutionary Federation (ARF). Founded in 1890, the ARF was the ruling party in the Republic of Armenia in 1918−20; forbidden under the communist regimes, the ARF built a strong support network in the Armenian diaspora. When the party again became legal in 1991, its foreign supporters enabled it to gain influence in Armenia out of proportion to its estimated membership of 40,000. With a platform calling for a coalition government, greater power for the parliament at the expense of the executive, and a strong social welfare program, the ARF gained eighteen seats in the 1992 parliamentary election.

The Liberal Democratic Party (LDP), founded in 1921, calls for privatizing the economy and rapidly establishing all possible conditions for a free−market economy. It also backs a strong system of state social welfare and recognition of NagornoKarabakh 's independence. The LDP had seventeen seats in parliament in 1994.

Former dissident Pariur Hairikian heads the National Self−Determination Union, which has called for a coalition government based on proportional representation of each party. With only one seat in parliament, the union takes a radical−right position on most issues. Extreme nationalist parties with racist ideologies also have small followings. Most opposition parties have been critical of Ter−Petrosian's Nagorno−Karabakh policy; in 1992 they formed the so−called National Alliance to coordinate their foreign policy positions.

Because of parliament's institutional weakness, oppositionists frequently have organized massive public rallies demanding the president's resignation.

In the first years of independence, the ruling elite came primarily from the Armenian Pannational Movement (APM), the umbrella organization that grew out of the Karabakh movement. In the 1992 parliamentary election, the APM gained fifty−five seats, easily giving it a plurality but leaving it vulnerable when opposition coalitions formed on individual issues. The next largest delegation, that of the ARF, had twelve seats. In 1993 the failure of Ter−Petrosian's government to bring the war to an end, its own willingness to compromise on the Karabakh question, and the daily grind of fuel and food shortages reduced the popularity of the ruling nationalist movement.

Human Rights

In April 1991, Armenia signed the International Covenant of Civil and Political Rights and accepted it as domestic law, superseding all existing laws on the subject. That covenant includes the right to counsel; the presumption of innocence of the accused; the right of privacy; prohibition of arbitrary arrest; freedom of the press, religion, political expression and assembly, and movement; minority rights; and prohibition of discrimination. Since 1991 specific legislation has further guaranteed freedom of the press and prohibited discrimination in education, language, and employment. Rights of the accused, however, remain undefined pending Armenia's acceptance of international conventions on that subject.

In 1993 several human rights organizations were active in Armenia: the Helsinki Assembly, which represented the international Helsinki Watch; the League of Human Rights; parliament's Committee on Human Rights; a national group called Avangard; and a branch of the international Sakharov Fund.

In 1993 the National Self−Determination Union accused the Ter−Petrosian government of a state terrorism policy that included the assassination of individuals within the union and others opposed to government policy. The most publicized incident was the murder in 1993 of Marius Yuzbashian, a former chief of the Armenian branch of the Committee for State Security (Komitet gosudarstvennoi bezopasnosti KGB).

The Media

In the Soviet era, the officially sanctioned source of public information was Armenpress, the state news agency assigned to disseminate the propaganda of the CPA. In the post−Soviet years, Armenpress has remained the primary source of information for independent newspapers in Armenia and for periodicals in the diaspora. Under those conditions, the agency has required continued state funding to maintain its information flow to foreign customers, of whom seventeen had reciprocal information supply agreements with Armenpress in early 1994. Meanwhile, the agency has adopted a more neutral position in its reporting.

Early in 1994, the Ministry of Justice reported that twentyfour magazines, nine radio stations, twenty−five press agencies, and 232 newspapers were active. Several national newspapers represent a variety of political viewpoints. *Hayastani Hanrapetutiun* (Republic of Armenia) is the official daily newspaper of the Supreme Soviet, published in Armenian and Russian versions. *Golos Armenii* (The Voice of Armenia), published daily in Russian, is the official organ of the CPA. *Azatamart* (Struggle for Freedom) and *Hazatamart* (Battle for Freedom) are weekly organs of the ARF. *Hazg* (Nation) is published by the Party of Democratic Freedom.

Other newspapers include *Grakan Tert* (Literary Paper), published by the Armenian Union of Writers; *Hayk* (Armenia), a publication of the APM; *Ria Taze* (New Way); and *Yerokoian Yerevan* (Evening Erevan). In 1993 thirteen major magazines and journals covered science and technology, politics, art, culture, and economics; the group also included one satirical journal, one journal for teenagers, and one for working women.

Foreign Relations

While it has been engaged in the Nagorno−Karabakh conflict with Azerbaijan, Armenia also has sought international status and security in new bilateral relations and membership in international organizations. In the first years of independence, Armenia became a member of the UN, the IMF, the World Bank, the CSCE, and the CIS. Located in a region that is already unstable, in the early 1990s the three republics of Transcaucasia gained the attention of world leaders because of the potential for a wider war on the northern tier of the Middle Eastern states. The resulting aid and efforts at mediation have had mixed results.

Azerbaijan

Since the outbreak of fighting in 1988, Nagorno−Karabakh has been the principal foreign policy issue for Armenia, creating a huge drain on its financial and human resources. By the end of 1993, estimates of the number killed in the conflict ranged from 3,000 to 10,000. The war between Armenians and Azerbaijanis repeatedly has threatened to involve not only other CIS member states but also Turkey and Iran, whose borders have been approached and even crossed during the conflict.

In a speech to the UN in September 1992, Ter−Petrosian stated his government's official position that Armenia had no territorial claims against Azerbaijan, but that the people of Nagorno−Karabakh could not be denied the right of self−determination. Advocating the protection of the region by means of permanent international guarantees, Armenia repeatedly called for cease−fires and negotiations between Azerbaijan and Nagorno−Karabakh, and between Armenia and Azerbaijan, to resolve the issue. In 1992 the Armenian parliament passed a law prohibiting the government from signing any document recognizing Azerbaijani authority over Karabakh. But at that point, TerPetrosian resisted advocating Armenian recognition of Karabakh's independence, which would raise yet another obstacle to peace.

The ARF, the party most supportive of the Nagorno−Karabakh government and its army, called for more forceful prosecution of the war and recognition of the independent status of Karabakh. In early 1993, the ARF began advocating a binding referendum on the status of the region rather than its return to Armenia.

In 1993 the CSCE made repeated but fruitless efforts to maintain cease−fires and to bring the warring parties together for peace talks. Although years of preliminary discussions had finally resolved the details of how a conference would be held, the negotiations of the CSCE's multinational Minsk Group had not resulted in a single meeting by the end of 1993. There were other efforts at peacemaking. A joint meeting of thirty−three states of the North Atlantic Treaty Organization (NATO see Glossary) and the former Warsaw Pact (see Glossary) expressed its concern, Iran attempted separate mediation between Azerbaijan and Armenia, and Russian and CIS leaders (most notably Russia's President Boris N. Yeltsin) also negotiated brief cease−fires.

In 1993 Ter−Petrosian also maintained telephone contact with Azerbaijan's President Heydar Aliyev.

The situation was complicated by the often unpredictable actions of the government in Nagorno−Karabakh. In December 1991, Nagorno−Karabakh declared itself an independent state, and its armed forces often operated independently of the government of the Republic of Armenia. However, the region and its army remained largely dependent on food, medicine, weapons, and moral support from Armenia, especially from the ARF.

The temporary file will be purged from our system in a few hours.

Georgia, Iran, and Turkey

Armenians have long been a significant part of the urban population of Georgia, particularly in Tbilisi. Two districts in southern Georgia are predominantly Armenian. The dictatorial regime of Zviad Gamsakhurdia, which ruled Georgia from late 1990 until early January 1992, was extremely intolerant of all ethnic minorities.

More than 70,000 Armenians were caught in the crossfire of the Georgian government's conflict with Abkhazian separatists, which reached crisis proportions in the fall of 1993. In this struggle, extreme Georgian nationalists attempted to drive the Armenian population from the country in order to create a homogeneous Georgia. The crisis in Abkhazia had immediate repercussions for Armenia when fighting resulted in the severing of Georgia's Black Sea railroad, a lifeline from Russia to Armenia. The republic thus was cut off from many supplies, particularly grain. In early 1993, when a natural gas pipeline running through Georgia was repeatedly blown up, the Armenian government sharply demanded that the Georgian leader, Eduard Shevardnadze, make a greater effort to secure the necessary flow of gas to Armenia.

Armenia has had better relations with Iran, although Iran has been worried about the presence of Armenian troops occupying Azerbaijani territory just across its border. Two−thirds of the world's Azerbaijanis live in Iran, and the Tehran government fears that émigrés would spread Azerbaijani nationalism among the Azerbaijani population of northern Iran. Armenian troops have at times been no more than twenty kilometers from the Iranian border. On several occasions, Iran attempted to mediate the Nagorno−Karabakh conflict, but unforeseen actions by the Karabakh forces frustrated these efforts.

Armenia's traditional enemy in the twentieth century has been Turkey. Among outstanding sources of conflict, the most painful and long−lasting has been the Turkish refusal to recognize the deportations and massacres of Ottoman Armenians in 1915 as a deliberate, state−sponsored act of genocide. Many Armenians, particularly those associated with the ARF, aspire to restore Armenian control over the lands of historical Armenia that are now under Turkish sovereignty. Although many Armenian émigrés remain hostile toward Turkey today, the Ter−Petrosian government has made improved relations with Ankara a high priority because of the possibility of opening new supply routes and hard−currency markets for Armenian products.

Although no Armenian politician is willing to retract the demand that the Ottoman genocide of 1915 be acknowledged, those around the Armenian president have resisted raising issues likely to alienate Turkey. In late 1992, when Foreign Minister Raffi Hovannisian spoke about the outstanding differences between Turks and Armenians in a speech in Istanbul, he was swiftly removed from office. On the Nagorno−Karabakh issue, the Turkish government usually has sided with Azerbaijan, particularly during the time of the Azerbaijani Popular Front government in Baku (May 1992−June 1993). Nationalist voices in Turkey have protested Armenian advances against Azerbaijan, and periodically Turkey has prevented Western humanitarian aid from reaching Armenia. Turkish nationalist factions also have accused Armenia of aiding Kurdish rebels in eastern Turkey.

The Commonwealth of Independent States

Increasingly through the early 1990s, the Republic of Armenia's isolation led the government to look for allies beyond Transcaucasia. Ter−Petrosian appealed to foreign governments and to Armenians abroad for material aid to carry the people through the harsh winters. As the rapprochement with Turkey in 1991−92 brought few concrete benefits, Armenia steadily gravitated toward a closer relationship with Russia. Early in 1993, Ter−Petrosian met with Yeltsin in Moscow to discuss deliveries of oil and natural gas to the blockaded republic. The Russian minister of defense, Pavel Grachev, negotiated a brief cease−fire in NagornoKarabakh in April. Armenia remained in the ruble zone, the group of countries still using Russian rubles as domestic currency, often in parallel with a new national currency such as Armenia's dram. In 1992 and 1993, large−scale credit payments from the Central Bank of Russia were vital in supporting Armenia's national budget.

Immediately after Armenia declared itself independent, TerPetrosian joined in an economic community with seven other republics but he refused to enter a political union at that point. In December 1991, however, he signed the Alma−Ata Declaration, making Armenia a founding member of the CIS. From that time, Armenia has played an active role in the CIS, signing an accord on military cooperation with Russia, Kazakhstan, Tajikistan, Kyrgyzstan, and Uzbekistan.

In May 1993, Ter−Petrosian announced Armenia's support of a Russo−Turkish−American plan for settlement of the Karabakh conflict. When Aliyev returned to power in June, Ter−Petrosian spoke by telephone directly with the new leader of Azerbaijan, and together they agreed that Azerbaijan and Nagorno−Karabakh must begin direct negotiations. Azerbaijan's entry into the CIS in September 1993 was seen by some as giving Russia a mandate to solve the Karabakh problem. Ter−Petrosian reiterated his conditions for peace: Karabakh was to be recognized as a full party to the negotiations, all blockades were to be ended, and the CSCE−sponsored Minsk Group negotiations were to settle all political and legal questions on the status of Karabakh.

Russia was a logical mediator. Not only did it have military bases and equipment in the region, but Russian troops were still guarding the border between Armenia and Turkey. Russia consistently asserted its hegemonic role in Transcaucasia, opposed the designs of Turkey and Iran in the region, and was even wary of the United States being a mediator in the region without specific Russian invitation or acquiescence. After Yeltsin won a struggle with the Russian parliament in September 1993 and both Georgia and Azerbaijan had joined the CIS, Russia resumed its role as the primary mediator of conflicts in Transcaucasia.

Russia has asserted hegemony in the region in several ways. It has repeatedly claimed the right to protect the major link from Russia to Armenia that passes through the conflict−plagued Abkhazia and Georgia. In September 1993, Russia requested a revision of the Conventional Forces in Europe Treaty (CFE Treaty see Glossary), which had been negotiated between NATO and the Warsaw Pact in 1990, in order to achieve an increase in the number of Russian tanks and heavy weapons in the Caucasus. Although NATO perceived an increased military influence in the formulation of this more assertive Russian policy, Western policy makers recognized that at the end of 1993 Russia was the only power in position to play a meaningful peacekeeping role in the region.

The United States

Loading butter from United States Department of Agriculture onto Armenian trucks at Zvartnots Airport, near Erevan, after collapse of Soviet Union, February 1992 Courtesy A. James Firth, United States Department of Agriculture I dependent Armenia enjoys good relations with the United States and the European Union (EU). The United States recognized the Republic of Armenia in December 1991, and a United States embassy opened in Erevan in February 1992. General United States and Armenian strategic interests in common include the

promotion of internal democracy, just termination of the Karabakh conflict, and stability in the former Soviet Union that would prevent the resurgence of an authoritarian, imperialist Russia. United States policy toward Armenia must weigh the special relationships of the United States with Russia and NATO ally Turkey. In the first post−Soviet years, the United States has given more aid per capita to Armenia than to any other former Soviet republic. At the same time, the United States has withheld trade privileges from Azerbaijan because of that country's economic blockade of Armenia.

Armenians have been able to influence American policy to a limited degree through the diaspora in the United States, but their interests and those of the United States are not always congruent. Given its special relationship with Turkey, the United States has been reluctant to recognize the events of 1915 as genocide. On several occasions, the United States criticized Armenian aggression against Azerbaijan outside of Karabakh.

Yet both the United States and Russia, as well as the CSCE countries in general, agree that a solution to the Karabakh conflict must be based on recognition of existing borders and the rights of minorities.

In the first winters of the 1990s, many Armenians were on the brink of starvation, and the basic needs of the population were sustained only through foreign aid. In December 1991, the United States Department of Agriculture and the Diocese of the Armenian Church in America arranged for the diocese to distribute food shipments valued at US$15 million in Armenia. Through Operation Provide Hope, the United States government sent food and medical supplies worth over US$6 million to Armenia in the first eight months of 1992. When the United States Agency for International Development (AID) authorized US$1 million to the American Bar Association for a program to provide legal experts to the member states of the CIS, Armenia became the first country where legislators worked with these legal specialists. The Peace Corps arrived in Erevan in August 1992, followed in the fall by AID and the United States Information Agency (USIA).

National Security

As a nation, Armenia has not had a great tradition of military success, even at the largest extent of the Armenian Empire. In the Soviet period, Armenian troops were thoroughly integrated into the Soviet army, and Armenian plants contributed sophisticated equipment to Soviet arsenals. After independence Armenia profited from some aspects of this close association, and a strong Russian military presence is expected to remain for some time.

Geopolitical Situation

As a small country, Armenia has had an unfavorable geopolitical situation, with no neighbors likely to provide support and security. Lacking an outlet to the sea, Armenia is surrounded by Muslim Turkey and Azerbaijan, both of which generally have been hostile to Armenia's interests; the militant Islamic republic of Iran; and a Georgia torn by civil war. By 1990 Armenia's traditional reliance on Russia had weakened because of internal political conditions the Karabakh movement had an anti−Russian orientation and because of the retreat of post−Soviet Russia from military involvement on many fronts.

In the early 1990s, the major external threat to Armenia came from Azerbaijan. A state with twice the population of Armenia, with significant unrecovered oil reserves in the Caspian Sea, and with great potential for securing Western capital for industrial development, Azerbaijan possessed considerable resources with which to fight a long war in Karabakh. In early 1994, the Armenian Army was considered the most combat−ready force in the three states of Transcaucasia. However, experts attributed Armenian combat successes in the conflict in 1992−93 to the political instability in Baku, to regional divisions within Azerbaijan, and to the greater unity and determination of the Armenian forces in Karabakh (see Forming a National Defense Force, ch. 2).

In the years following independance, Armenia saw its future security based on ending the war in

Nagorno−Karabakh, improving its relations with all its neighbors, and gaining aid and support from the great global powers and organizations the United States, Russia, the CSCE, and the UN. Once it joined the CIS, Armenia adhered to the organization's security arrangements. In March 1992, Armenia joined Kazakhstan, Kyrgyzstan, and Russia in an agreement on the status of general−purpose forces, and it joined seven other CIS republics in an agreement on the financing, supply, production, and development of military equipment. On May 15, 1992, Armenia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan signed the Treaty on Collective Security in Tashkent. According to this pact, former Soviet armed forces were permitted to remain in the signatory republics by mutual agreement. Armenia and several other republics agreed to apportion former Soviet weapons to conform to the CFE Treaty. By that agreement, Armenia was to receive 875 units of heavy matériel (tanks, artillery, aircraft, and helicopters), the same number as Georgia and Azerbaijan.

Armenia's location between two larger states, Russia and Turkey, has long forced it to orient its policies to favor one or the other. Until the late Soviet period, Armenia generally favored its coreligionist Orthodox neighbor and depended on the Russian or Soviet state for its national security. In 1945 Stalin raised the matter of regaining Armenian territory from Turkey, but the issue quietly expired with the dictator in 1953. After independence was officially proclaimed in 1991, Armenia's membership in the new CIS became a national security issue because it seemingly prolonged Russian occupation. The prevailing view in the early 1990s, however, was that isolation from reliable alliances was the greater threat.

In the decades after World War II, relations between Armenians and Turks degenerated. The Turks became embittered by acts of Armenian terrorism against Turkish citizens in other countries, especially in the 1970s, which served to remind the world of the genocide issue. Starting in the 1980s, Turkey began aspiring to play a major role in European affairs and to exert leadership among the Central Asian Muslim nations that emerged from the Soviet Union in the early 1990s. These foreign policy goals encouraged Turkish ambivalence toward Armenian objectives in Nagorno−Karabakh. However, traditional Turkish nationalism demanded alliance with Muslim Azerbaijan, and eastern Turkey remained a heavily fortified area after the end of the Cold War about 50,000 Turkish troops were on the Armenian border in early 1994. In turn, Armenia saw its collective security treaty with the CIS and the presence of Russian troops in Armenia as restraints on the nationalist impulse in Turkish policy making.

The Military

Influenced by the requirements of supporting the forces of Nagorno−Karabakh against Azerbaijan and the long−term objective of military self−reliance, Armenia has worked toward making the Armenian Army a small, well−balanced, combat−ready defense force. Chief architects of the force were General Norat Ter−Grigoriants, a former Soviet deputy chief of staff who became overall commander of the new Armenian Army; Vazgan Sarkisian, named the first minister of defense; and Vazgan Manukian, who replaced Sarkisian in 1992.

As expressed by the military establishment during the planning stage, Armenia's military doctrine called for maintenance of defensive self−sufficiency that would enable its army to repel an attack by forces from Azerbaijan or Turkey, or both. That concept was refuted, however, by radical nationalists who advocated a more aggressive posture, similar to that of the Israeli army in defending a surrounded land, maintaining the armed forces at a high degree of readiness to inflict crippling losses on an enemy within days. Both doctrines emphasized small, highly mobile, well−trained units. The specific outcome of the debate over military doctrine has been concealed as a matter of national security. However, Armenia apparently surpassed its initial goal of 30,000 soldiers on active duty, achieving an estimated troop strength by early 1994 of 35,000.

By that time, the Ministry of Defense had increased its goal to a standing army of 50,000, to be supplemented in wartime by a reserve call−up.

A top defense priority in 1994 was improving control of the Zangezur region, the vulnerable, far southeastern corridor bordering Iran and flanked by Azerbaijan's Nakhichevan Autonomous Republic and Azerbaijan proper. The program for Zangezur includes new military installations, especially on the Iranian border, as well as a new bridge and a new natural gas pipeline into Iran.

The army and the Ministry of Defense have structures similar to those of their counterparts in the former Soviet Union, except that the highest organizational level of the Armenian forces is a smaller unit, the brigade, rather than the traditional division, to maximize maneuverability. Plans call for brigades of 1,500 to 2,500 troops to be divided into three or four battalions, in the manner of the paramilitary forces of the Karabakh Armenians.

Regular Forces

Members of Armenian Army parading in Victory Square, Erevan, Independence Day 1993 Courtesy Azarian Churukian I 1992 the Ministry of Defense appealed to Armenian officers who had had commissions in the Soviet army to help form the new force to defend their homeland against Azerbaijan and to build a permanent national army. Although substantial special benefits were offered, the new professional officer corps was not staffed as fully as hoped in its first two years. In especially short supply were officer specialists in military organizational development a critical need in the army's formative stage. In 1994 most Armenian officers still were being trained in Russia; the first 100 Armenian−trained officers were to be commissioned in the spring of 1994. Plans called for officer training to begin in 1995 at a new national military academy.

Eighteen−year−old men constitute the primary pool of conscripts. New trainees generally are not sent into combat positions. The Armenian public was hostile to conscription in the Soviet period; the practice of assigning Armenian recruits to all parts of the Soviet Union prompted large demonstrations in Erevan. That attitude continued in the post−Soviet period. In the first two years of the new force, recruitment fell far short of quotas. The draft of the fall of 1992, for example, produced only 71 percent of the quota, and widespread evasion was reported.

Conscripts generally lack equipment and advanced training, and some units are segregated by social class.

Officer elitism and isolation are also problems, chiefly because the first language of most officers is Russian.

Desertion rates in 1992−93 were extremely high. In early 1994, the defense establishment considered formalizing the status of the large number of volunteers in the army by introducing a contract service system.

In 1992 the republic established the Babajanian Military Boarding School, which admitted qualified boys aged fourteen to sixteen for training, leading to active military service. By agreement with Russian military institutions, graduates could continue training in Russia at the expense of the Armenian Ministry of Defense.

A class of 100 was expected to graduate in 1994. The lack of military training schools is rated as a serious problem. Armenian cadets and junior officers study at military schools in Russia and other CIS states, and senior officers spend two to three years at academies in Russia and Belarus. A military academy for all armed services was in the planning stage in 1994.

The Karabakh Self−Defense Army consists mostly of Armenians from Karabakh or elsewhere in Azerbaijan, plus some volunteers from Armenia and mercenaries who formerly were Soviet officers. The Karabakh forces reportedly are well armed with Kalashnikov rifles, armor, and heavy artillery, a high percentage of which was captured from Azerbaijani forces or obtained from Soviet occupation troops. Significant arms and matériel support also came from Armenia, often at the expense of the regular army. By 1994 the Karabakh Self−Defense

Army was building an infrastructure of barracks, training centers, and repair depots. Defeats that Armenians inflicted on Azerbaijan in 1993 were attributed by experts largely to the self−defense forces, although regular Armenian forces also were involved.

The Armenian air defense forces, virtually nonexistent in 1991, were equipped and organized as part of the military reform program of Ter−Grigoriants. Total air defense strength was estimated at 2,000 troops in 1994.

The new military aviation program of the air force has been bolstered by the recruitment of Soviet−trained Armenian pilots, and new pilots receive training at the Aviation Training Center, run by the Ministry of Defense. Some modern training aircraft are available at the center. Pilots receive special housing privileges, although their pay is extremely low. Some Soviet−made Mi−8, Mi−9, and Mi−24 helicopters are available to support ground troops, but only one squadron of aircraft was rated combat−ready in 1994. Most of Armenia's fixedwing aircraft, inherited from the Soviet Union, were unavailable because of poor maintenance.

Reserves

After independence the Soviet−era Volunteer Society for Assistance to the Army, Air Force, and Navy (see Glossary), part of the centralized reserve system of the Soviet army, was renamed the Defense Technical Sports Society. The new system trains personnel for specific military tasks in the Armenian forces, whereas previous training was a general preparation for unknown assignments elsewhere in the Soviet Union. In 1993 the society's schools gave instruction in thirteen military occupational specialties, including tank driving and repair, radiotelegraphy, and artillery and small arms repair.

Like those of the regular military, the facilities of the reserves were cut back sharply at independence. At least nine reserve training facilities, including one technical school, were reassigned within the Ministry of Defense or to another ministry. The Defense Technical Sports Society supports itself by selling military gear and sports vehicles produced in its plants; it has established advisory relations with defense technical societies in other CIS countries.

The Russian Role

After Armenian independence, Russia retained control of the Russian 7th Army in Armenia, which numbered about 23,000 personnel in mid−1992. At that time, the 7th Army included three motorized rifle divisions. In the second half of 1992, substantial parts of two divisions the 15th Division and the 164th Division were transferred to Armenian control. The other division remained intact and under full Russian command at Gyumri in early 1994. Meanwhile, Russia completed withdrawal of the four divisions of its 4th Army from Azerbaijan in May 1993. Some Armenian warrant officers were assigned to the division at Gyumri, and the two countries discussed assignment of Armenian recruits to Russian units.

The Russian presence continued in 1994, with an operational command in Erevan providing engineer, communications, logistics, aviation, and training capabilities. Under the 1992 Treaty on Collective Security, which apportioned Soviet weaponry among the former Soviet republics, Armenia was allotted 180 T−72 tanks, 180 BMP−1K armored fighting vehicles, sixty BTR−60 and BTR−70 armored personnel carriers, twenty−five BRM−1K armored fighting vehicles, thirty 9P−138 and 9P−148 guided missiles, and 130 artillery pieces and mortars. An unknown number of weapons systems in the Osa, Strela, Igla, and Shilka classes were also designated for transfer. Much of this equipment was no longer serviceable by the time it was turned over, however.

Internal Security

In the early 1990s, internal security was endangered by growing radical opposition to the moderate domestic and foreign policies of the Ter−Petrosian government. By 1993 a widespread breakdown of law and order in the republic had eroded the authority of the Armenian state.

Shortly after independence, a special internal security force was formed under the Ministry of Internal Affairs, whose special status in the government alarmed many observers in the ensuing years. The original mission of the internal security force was to prevent guerrilla attacks on military installations in the first months of independence. Since that time, this militia also has acted as the sole general (and nominally apolitical) police force. As originally formed, the internal affairs unit had 1,000 troops, including one assault battalion, two motorized patrol battalions, and one armored patrol battalion. Three specialized companies, including a canine unit for drug detection, also were formed. Elements of the former KGB have remained active under Armenian direction. All police agencies are under the Ministry of Internal Affairs.

Border patrols are administered by the Main Administration for the Protection of State Borders. Some of the patrols on the Iranian and Turkish borders are manned by Russian troops, whose presence is partially funded by Armenia. The rest of the border patrols are made up of Armenian troops serving under contract.

In early 1994, Armenia completely reorganized the State Administration for National Security (SANS), the umbrella agency of the Ministry of Internal Affairs that heads all national security activities. All agency activities except border patrols were suspended for three months while staff were reevaluated and an announced focus on intelligence and counterintelligence was introduced. The controversial measure may have been instigated by the assassination of Marius Yuzbashian, a former chief of the Armenian branch of the KGB; SANS had failed to investigate the assassination fully when it occurred, in the fall of 1993.

Experts saw a serious long−term threat to internal security in the independent mercenary Fidain forces that had been trained and expanded by Armenian political parties to fight in NagornoKarabakh . The end of the Karabakh war would free these combathardened forces, which did the bulk of the fighting in Karabakh, for possible guerrilla activity within Armenia on behalf of their respective opposition parties.

Crime

Especially in the chaotic conditions that have existed during the Nagorno−Karabakh conflict, Armenia has suffered steep increases in the gang activity of an organized mafia. Overall crime in 1991 increased 11.5 percent over 1990; then it increased 24.8 percent from 1991 to 1992. Major crimes (murder, robbery, armed robbery, rape, and aggravated assault) increased 3 percent from 1991 to 1992. The largest increases in that category were in murder, robbery, and armed robbery. White−collar crime (bribery and fraud) increased about 2 percent in that time, crimes by juveniles increased about 40 percent, and drug−related crimes increased 240 percent. According to one report, 80 percent of crimes committed in Armenia in 1992 were drug related.

In 1992 and 1993, a police campaign temporarily limited the activity of a few large gangs, but gang leaders, whose identities were commonly known in Armenian society, used influence in parliament to stymie the efforts of the Ministry of Internal Affairs. Some deputies in parliament were implicated directly in white−collar crime, and some even had been convicted prior to their election. From 1991 to 1993, six convicts were sentenced to death, but by early 1994 none had been executed.

Prisons

Three major prisons are in operation, at Sovetashen, Artik, and Kosh. Local jurisdictions also have jails. All prisons and jails are under the jurisdiction of the Ministry of Internal Affairs. The Soviet prison system remains intact in Armenia. That system includes two general categories: labor colonies, and prison communities similar to Western prisons. Prison system reforms call for establishment of general and high−security reform schools for teenagers; general and high−security prisons for women; and four grades of prisons for men, from minimum to maximum security. The death penalty is applicable for military crimes, first−degree murder, rape of a minor, treason, espionage, and terrorism.

In 1993 Armenia remained a weak state with powerful regional and family clans running much of the local administration and economy. Criminal gangs operated with impunity, corruption was rampant, and assassinations of political figures occurred on occasion. In the absence of a secure rule of law, the stresses of war and material privation, uncertainty about the future, and widespread suspicion about the legitimacy of the ruling elites destabilized the infant republic.

For general historical and cultural narratives on the Armenian nation and people, two books by David Marshall Lang are of special value: *The Armenians: A People in Exile* and *Armenia: Cradle of Civilization.*

Ronald G. Suny's *Armenia in the Twentieth Century* covers that period with an emphasis on social change.

The *Economic Profile of Armenia* volume of the United States Department of Commerce's Business Information Service for the Newly Independent States and *Armenia*, an economic review by the International Monetary Fund, provide a picture of Armenia's economy after 1991; the latter source also includes tables on a variety of economic performance indicators in the Soviet and post−Soviet periods.

Current information on Nagorno−Karabakh and conditions in Armenia is provided in the *Monthly Digest of News from Armenia*, published by the Armenian Assembly of America, and the Foreign Broadcast Information Service's *Daily Report: Central Eurasia*. These two publications emphasize political, economic, and national security topics. (For further information and complete citations, see Bibliography.)