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Economic Development, Resource Management, and Human Security



Agricultural Cooperatives as a Strategy for Economic Development and the Improvement of National Security in Armenia

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Abstract

The agricultural sector is one of the most important sectors in the Republic of Armenia (RA). Armenia has a huge potential in this sector, but it is not used due to different barriers and problems. This paper discusses the main problems and barriers of the development of agricultural sector of Armenia. It considers agri-

cultural cooperatives as a part of a strategy for alleviating these problems and barriers. The paper shows that some projects and programs implemented in Armenia have already succeeded. The majority of poor and unemployed people dominate especially in rural areas. Cooperatives have a huge role in improving the lives of farmers and households through achieved improved incomes, bargaining power and efficient resource sharing, which consequently leads to food security and poverty reduction. These all are the components of national security. The paper considers that the further development of agricultural cooperative sector can lead to the improvement of socio-economic conditions and national security of Armenia.

Keywords: *agricultural cooperative, economic development, national security, poverty*

Introduction

Armenia is a developing country with high levels of poverty, unemployment, and out-migration. According to official statistics poverty and unemployment dominate especially in rural areas (NSSRA, 2016a). Also food security and food independence are very important issues, since Armenia has a conflict with neighboring countries. Armenia is blockaded along the eastern and western borders and this has already affected economic growth. So, one of the main ways of resolving the mentioned problems, is the development of agricultural sector.

Cooperative economic models are much more important today as problems are more complicated and global. This cooperation is especially important for the development of agricultural sector, since it is more risky and consequently less attractive than the other fields of activities. The majority of

Armenian rural households control small pieces of land, which can be unified for large-scale operations (NSSRA, 2016d). Also cooperation is important for the improvement and sharing of the knowledge and skills, which our farmers really need (personal communication with farmers, 2017).

This paper will discuss the current socio-economic situation of Armenia, major problems, their reasons and present agricultural cooperatives as the way to overcome the problems. This paper also presents the main ideas of cooperatives, their values and conditions necessary for their creation and development, and projects and programs associated with them. The paper will also describe the current situation in the agricultural cooperative sector of Armenia with its problems, barriers and opportunities. The main research question of this paper is “How do—and how can—agricultural cooperatives contribute to economic development and national security in Armenia?”

Methodology

While conducting this research, two meetings were visited between agricultural sector experts and farmers. Most of farmers were cooperative members, farmers who wanted to become cooperative members or farmed who wanted to found a cooperative. The discussions were focused on revealing problems and barriers of agricultural cooperative sector in Armenia.

Some observations are done during participation in the studies of the special working team created by the decision of the Prime Minister Karen Karapetyan. The team’s main goal was to build a development model for agricultural cooperatives in Armenia. Their work was carried out during April-May 2017. The team consisted of specialists of agricultural cooperative sector, agricultural sector of Armenia and farmers. The studies of the

working team were focused on revealing problems and barriers in agricultural cooperative sector of Armenia and identification of conditions needed for the development of the sector.

This paper provides an overview of sources and literature, which were examined during the research. The purpose was to provide the reader understanding of cooperative concept, its values and principles. Also, to illustrate the current situation of Armenian cooperative sector was used official information collected from Ministry of Agriculture of the Republic of Armenia. Some analysis were done using the statistical data collected from official website of National Statistical Service of the Republic of Armenia (NSSRA).

Findings

An overview of socio-economic situation in Armenia

According to official statistics the population in Armenia in 2016 was 2986.5 thousand people, from which 1084,8 thousand people was rural population (36.2%) (NSSRA, 2016b). In 2015, poverty rate in Armenia was 29.8%: around 900,000 people, from whom very poor were around 310,000 people and 60,000 of them were extremely poor¹. According to the World Bank definition, “poverty is the inability to ensure an acceptable minimum of certain living conditions.” (NSSRA, 2016a).

In Table 1 we can notice, that yearly the number of people employed in the sphere of agriculture has decreases. From 2012-2015 it decreased on average by 19.4 thousand people per year. The reason of this decline is not the automatization and intensification of agricultural production, but its low profitability and the risky nature, consequently unattractiveness of agricultural

¹ According to the NSSRA extremely poor or the undernourished are defined as those with consumption per adult equivalent below the food poverty line. It is important to mention that in 2015 the food poverty line in Armenia was 24 109 AMD / month.

sphere (personal communication, 2017). In many cases it leads to urbanization and migration of Armenian rural population (personal communication, 2017).

Table 1: Number of population (as of the end of year) and labor resources in the Republic of Armenia (yearly average), thousand people

	2012	2013	2014	2015	2016
Number of population in the RA	3026.9	3017.1	3010.6	2998.6	2986.5
Urban population	1 917.5	1 914.1	1 912.9	1907.0	1901.7
Rural Population	1109.4	1103.0	1097.7	1091.6	1084.8
Total labor resources	2260.8	2189.1	2180.2	2106.7	—
Economically active population, total	1418.3	1388.4	1375.7	1316.4	—
Employed population, total	1172.8	1163.8	1133.6	1072.7	—
Employed in the sphere of agriculture	437.2	422.1	394.8	379.0	—
Unemployed, total	245.5	224.6	242.1	243.7	—
Economically non active population	842.5	800.7	804.5	790.3	—

Source: National Statistical Service of the RA

The result was 114,700 hectares of uncultivated arable lands in 2014, from which 27 thousand hectares are irrigable (Baghdasaryan et. al., 2014). According to investigation results obtained by a special working team (the team was created according to October 23, 2014 decision of RA Prime Minister), there were seven main reasons for not cultivating 27,000 hectares of irrigable lands:

1. Lands owners absence from the country
2. Low profitability

3. Lack of provision of irrigation water
4. Lack of labor force at the working age (elderly people are not able to cultivate their lands)
5. Employment in other sectors
6. Lands' low fertility
7. And other reasons (lack of agricultural machinery, lands are located far from living areas or are located next to border areas) (Baghdasaryan et. al., 2014).

It is important to mention that in 2015 there were 94.9 thousand hectares of uncultivated arable area in Armenia, which means that this indicator was improved by 17% if we compare it with the same figure of 2014 (114,7000 hectares). Plant growing and animal husbandry sectors improved as well in 2015 (NSSRA, 2016c) (Table 2).

Table 2: Main indicators of agriculture

	2012	2013	2014	2015
Employed in the sphere of agriculture (thousand people)	437.2	422.1	394.8	379.0
Total agricultural lands by types (1 000 ha)				
perennial grass	33.4	33.3	33.7	34.4
plough-land	121.6	121.8	121.7	121.1
pastures	1056.3	1055.3	1054.2	1051.3
Arable land	448.4	448.2	447.5	446.7
Total sown area	304.2	318.1	332.8	351.8
uncultivated arable lands	144.2	130.1	114.7	94.9
other	392.7	392.4	392.3	392.2
Gross agricultural output by farms (at current prices, bln. drams)				

Agriculture	841.5	919.1	993.5	1001.2
plant growing	516.0	572.8	605.7	605.8
animal husbandry	325.5	346.3	387.8	387.8

Source: National Statistical Service

There are many tools of agricultural policy, but which of them are more appropriate for our country? One of the ways for solution of mentioned problems can be creation and development of agricultural cooperatives.

What are Cooperatives?

According to International Co-operative Alliance (ICA) the definition of “a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise” (ICA, 1995).

In other words cooperatives are companies, whose main goal is to provide various services first of all to their members and then to society. Depending on the type of members we can group cooperatives into two big families: worker-owned cooperatives and consumer-owned cooperatives. Worker-owned cooperatives are owned and democratically controlled by employees, who are majority shareholders. Consumer-owned cooperatives are owned and democratically controlled by consumers, who are users of goods and services produced by cooperative (Coop FR, 2017). Cooperatives are very flexible that is why they developed in different sectors, countries and environments (Urutyay, 2013). According to international statistics the most common sectors of cooperatives are agriculture and food industries, insurance, banking and financial services, wholesale and retail trade. Cooperatives are unique types of businesses which differ from other business organi-

zations with their values and functions. They are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. These values are put into practice by the internationally agreed cooperative principles which are defined in ICA's Statement on the Cooperative Identity. The principles are:

1. *Voluntary and open membership* Each person can be a member of cooperative, regardless of gender, race, religion etc., He/she just need to be willing to share the membership responsibilities and be able to use the services of the cooperative.

2. *Democratic member control*: Cooperatives are organizations owned and controlled by its members with the principle of "one member-one vote".

3. *Member economic participation*: Members of co-operative should equally contribute to its capital and participate in the capital controlling processes.

4. *Autonomy and independence*: Cooperatives should always keep its autonomy and independence, regardless any type of agreements with the other organizations, including government. In other words, even if cooperative has agreements with other organization it should be autonomous and controlled only by its members.

5. *Education, training and information*: Cooperatives educate and train its members, in order to reach the highest results. They spread ideas and benefits of cooperation among the general public, especially youth and opinion leaders.

6. *Co-operation among cooperatives*: The cooperation between cooperatives at different levels is

very important for serving the members more effectively and expanding the cooperative movement.

7. *Concern for community*: Cooperatives provide support for the sustainable development of their communities through various activities. (FAO, 2001)

Agricultural Cooperative as a strategy for of economic development and improvement of national security

The United Nations recognized 2012 as the “Cooperatives’ International Year”. Thus, the UN wanted to stress the fact that the cooperatives, particularly agricultural cooperatives, could be one of the best ways of socio-economic development. According to the international statistics, the most common types of cooperatives are agricultural cooperatives (ICA & Euricse, 2016). Agricultural cooperatives can deal best in the countries where the considerable share of economy falls to Agricultural sector. Armenia, where 17.3% of gross domestic product is represented by agriculture, is one of such countries. Agricultural cooperatives can lead to the development of food production and can affect, even decrease, the consumer prices for food (Dwyer, 2012).

In Armenia almost 360,00 rural households work with small pieces of land (on average 1.48ha agricultural lands per one household), in order to produce goods (NSSRA, 2016d) Most of them have no agricultural or even in some cases any other formal education (personal communication, 2017). In such conditions they buy inputs and services, produce goods, realize them just by themselves and face many problems during these processes. Often they operate at a loss.

It is well known that food prices tend to be very volatile and can negatively affect the budgets of both farmer–producers and consumers. In that situation, when it is impossible to predict food prices, the farmers are less motivated to invest in different ways that can improve the productivity of their production. In the long-run it can lead to food security problems (Dwyer, 2012).

According to International Fund for Agricultural Development (IFAD) the agricultural cooperatives can minimize those risks by allowing small-scale producers, in this case farmers, to get better opportunities of the market and to find the best use of natural resources. It can be reached through trainings, new and modern technology and etc. IFAD also claims that the agricultural cooperative will allow the farmers from developing countries to become more competitive in the global market place. On February 22, 2012 the UN with the IFAD committed to lift 90 million people out of poverty. One of the achievements was that the “small entrepreneurs” and other villagers started to realize their important role and potential in eliminating hunger, providing food security and future development. As said IFAD president Kanayo F. Nwanze, “Smallholder farmers can feed themselves and they can help feed the world”. (Dwyer, 2012)

Different studies have been done to prove the significant contribution of agricultural cooperatives to the socio-economic development in the developing countries such as African countries, Iran etc. They showed that agricultural cooperatives play an important role in rural economic growth of Iran and provision of food security and rural development in Africa. (Chambo 2009, Allahdadi 2011). Armenia is similar to the mentioned countries as it is developing country and the agriculture has a big share in its economy. Thus agricultural cooperatives can significantly contribute to national security in Armenia,

through providing economic growth, achieving food security, sustainable development, reducing poverty etc.

Barriers and problems of the agricultural cooperative sector of Armenia

According to Food and Agricultural Organization (FAO) there are several conditions necessary for the creation and long-lasting success of cooperatives. One of the conditions needed to create a cooperative is the problem or problems that cannot be solved individually and a group of persons who share the mentioned above problems and are motivated to solve them.

The cooperatives should be based on the self-help values. It means that the cooperative members should not rely on others to solve their problems and help them, they need to work together in a team for mutual benefit. Another simple but very important condition is that the advantages of membership outweigh the duties of membership. In a group should exist a charismatic and reliable person with leadership skills, who will represent the group. Yet another condition of cooperatives' creation requires ability of members to elect the leaders, sell their own good, earn profits and distribute surplus at their discretion, without any legal or political restrictions.

The conditions necessary for long-lasting success of the cooperatives are the following. The economic and social benefits that cooperative provides must be tangible, and should exceed the costs involved in it. The long-lasting success of cooperatives is especially associated with the skilled, experienced and dynamic managers. The managers should always take into account the interests, needs of the members and the business

goals of the cooperative, while executing the operations of it. Another important condition is the correspondence of the cooperative structure and management to its members' capabilities. It means that there is no practical reason for the promotion of complicated and complex cooperative organizations if members competence and motivation is low.

All the members equally contribute to the cooperative and have the same rights to manage the processes, set the goals and share the benefits of cooperative. That is why for the successful development of cooperative it is extremely important that members participate as both users and owners (FAO, 2001).

The main reasons of the problems in Armenian cooperative sector are connected with the lack or absence of above-mentioned conditions. For this reason we decided to briefly present the main problems that do not allow creating, expanding and developing Agricultural cooperatives in Armenia. These problems were observed during the meetings between farmers, including the farmers who were cooperative members, and experts of the sector. They are the following:

1. Lack of knowledge: According to our observations many farmers do not have a good understanding of cooperatives' main principles. Some people even do not know what the cooperative is in general. They mainly confuse cooperatives with Soviet Union's "kolkhoz."²

2. Armenian villagers do not want to act as a union: Villagers do not want to form a cooperative because of the fear of losing their right of land ownership. Another reason is that they cannot assess and evaluate the advantages of the cooperative. Sometimes villagers do not want to create a cooperative, because they think that by

2 A collective farm in the former Soviet Union.

becoming a member of it, their freedom of making some decisions will be restricted. The last but not the least problems are associated with the lack of trust among the members of rural communities.

3. Imperfect information and consultancy systems: The imperfect information and lack of consultancy services lead Armenian farmers not to trust the advisors in this sphere and consequently they do not want to form and develop cooperatives.

4. Lack of skills and abilities: The lack of knowledge and abilities (leadership skills, entrepreneurship skills, marketing abilities etc.) of Armenian people employed in agricultural sphere prevents the development of cooperative sector in Armenia. Even in case of forming the cooperative the inability of people who run it resulted in their low level of knowledge and specialization can ruin it. The lack of the specialists in this sphere is a serious problem.

5. The small number of specialized trainers and advisors: There should be a specialized, experienced trainer in each sphere. Unfortunately there is very small number of such kind of authorities in Armenia that can help the farmers with some advice. Their role is very important, since they can consult and train Armenian farmers, which can be helpful in the development of the sector.

6. Lack of “real” leaders in the community: There are a small number of persons in rural communities of Armenia, that are able to take the responsibility of cooperative management and at the same time have the appropriate knowledge and leadership skills.

Current situation: Cooperative law and programs

Despite of many problems and barriers, the Armenian government and different organizations have done a tangible work to improve the situation in agricultural cooperative sector in Armenia. The support to cooperation is one of the main components of agrarian policy in Armenia. According to an Armenian governmental decision starting from 2012, the provision of necessary conditions for the creation of cooperatives and continuation of their activities is considered as the major problem of the agrarian sector. For existence and growth of cooperatives it is necessary to have a specific legal framework which reflects their features and creates favorable environment for their future performance. For that reason RA government on December 21, 2015 adopted a law “About agricultural cooperatives”, however it has its shortcomings, from which the most arguable is associated with agricultural cooperatives taxation.

In recent years for solving the mentioned problems government and different organizations create and implement various activities, projects and programs. In this section are presented major cooperative projects and programs currently conducted in Armenia. The Community Agricultural Resource Management and Competitiveness Projects (CARMAC, CARMAC 2) have supported the development and expansion of cooperative sector of Agriculture in Armenia. The main objective of CARMAC projects is the improvement of pasture-based livestock farms of mountainous and border area communities of Armenia. The projects stress on the improvement of the livestock livelihood systems. They are also destined to help the rural communities with the implementation of modern Agricultural techniques and technologies, improvement of livestock health, development of processing, supply and service systems. CARMAC projects try to provide food safety and improve

the situation associated with food security. The project started from 2011 with the funding of the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), and the Armenian government.

Within the framework of the CARMAC projects are created 147 “Pasture User” consumer cooperatives. In eighty-eight communities to the mentioned consumer cooperatives are provided with 744 units of agricultural machinery. In eighty-three communities are constructed pasture watering systems with 194.7 km waterline and 256 watering points and in other twelve communities their construction is in process (51.6 km waterline and 31 watering points). All activities under CARMAC and CARMAC 2 projects are planned to be performed until 2019 (APIU SA, 2011). European Neighborhood Programme for Agriculture and Rural Development (ENPARD) Armenia was carried out in 2015. The main mission of it is supporting the RA Ministry of Agriculture in the development of agrarian sector of Armenia with the aim to improve the living conditions in rural communities. Under the program, United Nations Industrial Development Organization (UNIDO), United Nations Development Program (UNDP) and Food and Agricultural Organization (FAO) with RA Ministry of Agriculture provide technical assistance to the Government of Armenia (Minagro, 2015).

Within the framework of the program are created (founded) and provided with necessary equipment fifty-three agricultural cooperatives (by July 2016). The representative of the program was involved in the “About agricultural cooperatives” law’s amendment preparation. ENPARD Armenia organized fifty-one trainings aimed to increase the people’s awareness of cooperation and its nature. Trainings were organized in all the

marzes³ of Armenia. Approximately 667 participants from around 122 rural communities participated there. For the promotion of the cooperation idea and to increase villagers' awareness, they created special books and booklets, with the guidelines and advise for those who want to create a cooperative. (ENPARD, 2016). Besides the above-mentioned programs and projects there are many other ones that are aimed to improve and develop cooperative sector of agriculture in Armenia. They are organized by different organizations such as World Vision Armenia, OXFAM, IFAD, SHEN NGO, and Green Lane NGO etc.

Discussion

The improvement of agricultural sector can improve the socio-economic conditions of Armenia. This paper shows that the cooperative form of enterprise can be an effective way to improve the agricultural sector and consequently the socio-economic conditions and national security of Armenia.

In this paper is presented an overview of socio-economic situation of Armenia. According to findings there were many hectares of uncultivated areas in Armenia (115 thousands hectares from which 27 thousands are irrigable). It is concerning as Armenia does not fulfill its predetermined self-sufficiency reserve of some strategically significant products and it can lead to food security issues in the long-run. After revealing the main reasons for not cultivating these areas, the next year result was improved by 17%. Also during the study some important issues were observed. In 2015 two sectors of agriculture — plant growing and animal husbandry — were improved. But if we compare the improvements in mentioned sectors with the decreased number

³ Territorial units (regions) of Armenia.

of people employed in agricultural sphere we are faced with a little bit suspicious picture. It is probably a result of some problems associated with non-strict Agricultural census, which is very important for constructing future agrarian policies. It is obvious that in this situation the government intervention is necessary. According to some international statistics in some countries similar to Armenia the economy and national security was improved after development of agricultural cooperative sector.

Unfortunately there are some barriers that will prevent the development of the mentioned sector of Armenia. It was observed that they are mainly associated with lack of farmers' knowledge, skills and lack of abilities to function as a team and lack of professional advisors.

It is important to mention that in recent years the Government of the RA made significant steps to improve agricultural cooperative sector by adopting "About agricultural cooperatives" law in 2015 and by implementing major agricultural cooperative project and programs which are CARMAC, CARMAC 2 and ENPARD. Under these projects and programs were created more than 200 agricultural cooperatives and were done a huge work to develop agricultural field.

Conclusions and Recommendations

The main purpose of this paper was emphasizing the important role that agricultural cooperatives can play in providing national security in Armenia. So, as it was mentioned above the main research question of this paper is "How do—and how can—agricultural cooperatives contribute to economic development and national security in Armenia?" The research showed that some positive changes and trends such as reduction of poverty,

improvement of food security, economic development etc. were observed, in countries similar to Armenia, after the development of agricultural cooperative sector. The results achieved after implementation of agricultural cooperative programs showed that the conditions in rural areas were improved: poverty level was comparatively reduced, many farmers increase their income, food production was improved either. Food security, economic growth and reduced poverty level are the key components of national security.

Below there are presented some recommendations that can help to improve the current situation and overcome existed problems and barriers in agricultural cooperative sector of Armenia:

1. One of the main purposes behind cooperative creation idea is to unify group of people who has common problems and together try to overcome them. There are existed groups of people in rural areas of Armenia, that have the same concerns and problems and face similar barriers, but they are not ready to unify, since they are afraid of changes even if they understand that together they can become a power. So, it can be good to organize different trainings and seminars in all the marzes of Armenia to increase the villagers' awareness regarding to cooperative ideas and improve their skills.

2. As it was mentioned above there is a lack of "real" leaders in rural areas of Armenia, so it can be organized special trainings for cooperative leaders.

3. The next recommendation is associated with the creation of special central body in each marz that will unify all the agricultural cooperatives of that particular marz. It will give an opportunity to create a network

of agricultural cooperatives of Armenia. The next step can be a creation of central general bodies at the country, regional and international levels.

The following recommendation is about allowing students to run experimental agricultural cooperatives. In this way they can improve not only their theoretical skills, but also they will be able to implement their knowledge and skills in practice.

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A Comparative Analysis of Antitrust Law: Implications for Armenia

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Abstract

This paper serves as a tool for Armenia regarding its competition regime. As the ensuing comparative analysis of the competition legislation and accompanying regulatory bodies of the United States and the European Union has found, the systems in place are comprehensive and efficient, and they provide a framework that Armenia would do well to replicate. Next explored are the anticompetitive behavior, competition legislation, and the responses of the regulatory bodies of South Korea, Singapore, and Brazil. Upon reviewing the history of *chaebols* in South Korea's economy, one discovers how their flashy success is due to government-nurtured, family-owned conglomerate dynasties, in a system that allows white-collar crime to flourish at the expense of small domestic businesses. Regarding Singapore, despite its relatively high degree of state-owned enterprises, it seems that

the small nation has an excellent command of corporate governance and an engaged regulatory body. In Brazil, similar to South Korea, corporate-government ties are problematic for the rule of law, indicative of which is the recent “Car Wash” scandal. The review of Armenia’s competition legislation, and of secondary literature on Armenia’s competitive environment, brings one to the conclusion that there needs to be much improvement in the legislation and the regulatory body. Many broad issues, such as the overpowering business-government ties and systemic corruption, are also noted. Therefore, the paper concludes with recommendations for specific policy initiatives, such as the reform of the Armenia’s competition authority and the strengthening of small and medium-sized companies; political reorientation away from Russia and towards the West; and a strengthened foundation of business ethics, in order to bring about positive, long-term economic change for the country.

Keywords: Armenia, monopolies, competition law, Asia

Introduction

While monopolies are often necessary and can have a role to play in certain markets, anticompetitive behavior has been shown to increase prices, reduce output, discourage innovation, and hinder economic growth. When there is little or weak anti-trust legislation to regulate an economy, firms are more likely to act in ways that hinder competition, and this comes at a great cost to consumers. The market itself does not naturally correct such distortions (Baker, 2003). Therefore, it is important to study monopolies as indicators of how a given national economy fares. In the case of Armenia, a small Eurasian country that seeks to grow

economically, studying the role of monopolies in its economy, as well as the effectiveness of its competition regulator, can lead to a better understanding of why the country is still developing. The lack of publically available information from Armenia's competition regulator, as well as Armenia's dependence on Russian state-linked companies, are problematic for businesses and consumers alike. Comparing Armenia's antitrust legislation with those of large, highly developed economies like the United States and the European Union serves to outline options for legislative frameworks that Armenia can adopt in order to mitigate the country's dependence on monopolies. Also, in comparing the competition regulators and overall role of monopolies in the economies of Brazil, Singapore, and South Korea—countries chosen due to their comparable rates of state capitalism with vastly different outcomes—one can draw parallel themes of government intervention in the economy, business-government ties, and the effectiveness of transparency, which can provide for Armenia a better framework of how monopoly regulation can be put into practice.

Comparing Legislation

United States of America

The United States of America was the world's pioneer in forming legislation and pursuing judicial action against monopolies, beginning with the Sherman Antitrust Act (1890). In 1914, the United States passed two more antitrust laws, the Federal Trade Commission Act and the Clayton Act; this trio continues to form the model of competition law adopted by much of the rest of the world ("The Antitrust Laws," n.d.).

The regulatory duties in regards to competition in the U.S.

economy are divided between the Federal Trade Commission (FTC) and the Department of Justice (DOJ) Antitrust Division. Though there is some overlap in the types of cases covered, the FTC and DOJ have each specialized in particular industries or markets. The FTC mostly takes on cases that involve high levels of consumer spending, e.g. in health care, pharmaceuticals, professional services, food, energy, and technology. Only the DOJ can investigate cases in the telecommunications, banking, railroad, and airline industries. Also, the DOJ is the only agency allowed to obtain criminal sanctions. The two agencies consult with each other before opening an investigation in order to avoid reviewing the same case (“The Enforcers,” n.d.).

Other important actors in U.S. antitrust law are two subcommittees of Congress who specialize in competition: in the Senate, there is the Subcommittee on Antitrust, Competition Policy and Consumer Rights, within the Senate Committee on the Judiciary; in the House of Representatives, there is the Subcommittee on Regulatory Reform, Commercial and Antitrust Law, within the House of Representatives Committee on the Judiciary. These subcommittees hold hearings on high-profile merger and antitrust cases (EU and US Competition Policies, 2014). The Senate Subcommittee provides oversight on antitrust law and competition policy, antitrust enforcement and competition policy at the DOJ and FTC, and competition policy at other federal agencies (“Subcommittees,” n.d.). The House of Representatives Subcommittee oversees bankruptcy and commercial law, bankruptcy judgeships, administrative law, independent counsel, state taxation affecting interstate commerce, interstate compacts, and antitrust (“Subcommittee on regulatory reform,” n.d.). Violations of the Sherman Antitrust Act warrant the imposition of fines of up to \$100 million on a corporation, or \$1 million plus up to ten years in prison for an individual (“The

Antitrust Laws, n.d.).

The DOJ Antitrust Division is the main regulator of cartels (EU and US Competition Policies, 2014). Leniency and direct settlement programs are often implemented to streamline the enforcement of legal proceedings pertaining to cartels. Leniency programs “reward” the first member of a cartel who reports their activities by granting them immunity from fines and criminal prosecution. This saves regulatory bodies the cost of detecting infringements of competition law, and reduces the cost of investigation and duration of the cases. Similarly, direct settlement procedures allow firms who have engaged in cartels the opportunity to settle their liability for reduced fine and with faster case proceedings; as with leniency programs, there are usually fewer legal challenges to the courts’ final decision. Cartel enforcement is a criminal procedure in the U.S., but most cases are settled by plea bargains, which allow firms to negotiate their level of punishment, with court approval, instead of going through a full trial. The main problem with leniency programs is that one party does not get punished for their participation in a cartel; also, reduced sanctions diminish the effect of deterring companies from participating in cartels. Companies have been accused of strategically using leniency programs by entering into the proceedings once their cartel has failed (Stephan, 2015).

Merger control is usually performed by both the FTC and the DOJ, but neither agency can block mergers unless given an injunction from a federal court (Stephan, 2015). By regulating merger cases, over the course of 2015, the FTC saved consumers over \$3.4 billion, plus over \$717 million by its consumer protection law enforcement actions. The FTC and its data contributors, added more than 7.1 million consumer complaints to the agency’s Consumer Sentinel Network (CSN) database, which is accessible to its more than 2,000 law enforcement partner agen-

cies worldwide (“Fiscal Year 2015,” 2015).

European Union

The main actors in EU competition policy are the European Council, as legislator, and the European Commission, which applies and enforces the laws (EU and US Competition Policies, 2014). The Directorate-General for Competition in particular is the department of the European Commission responsible for competition policy and the investigation of competition cases (“Directorate-General for Competition,” 2017). The European Commission’s Competition Commissioner is responsible for ensuring the mobilization of competition policy tools and market expertise, developing the economic and legal approaches of assessing competition issues from economic and legal perspectives, monitoring the market, and enforcing the competition rules (“Margrethe Vestager,” n.d.). The College of Commissioners takes the formal decisions on competition issues and has a say in legislative processes as well (EU and US Competition Policies, 2014). Each Commissioner is selected to focus on a particular policy area (“Political Leadership,” n.d.). The decisions made by the Commission with regards to competition can be nullified or modified by the Court of Justice of the EU (EU and US Competition Policies, 2014).

The European Union’s founding treaty, the Treaty of Rome (1957), focuses on economic integration and lays the foundation of the EU’s competition policy (Schiek, Oliver, Forde, & Alberti, 2015). It aims to ensure that competition in the internal market is not impeded by anticompetitive behavior of companies or national authorities. Article 85 has provisions on anticompetitive agreements, Article 86 has provisions on the abuse of dominant position, and Article 90 outlines the provisions on state aid. Control of mergers was introduced into law in 1989 with the

Merger Regulation, which was revised in 2004. The European Competition Network, established in 2002, facilitates cooperation and coordination among Member States' own competition authorities. From 2009 onward, Articles 101-109 of the Treaty further strengthen EU competition law (EU and US Competition Policies, 2014).

The European Union's competition policy is focused on four key areas: antitrust, cartels, mergers, and state aid, which is government assistance to businesses. Businesses cannot agree to fix prices or divide up markets amongst themselves, abuse dominant position in a market to hinder smaller competitors, or merge with another company if that would give them control over the market. Unless they comply with certain criteria, loans and grants, tax breaks, goods and services provided at preferential rates, and government guarantees that enhance the credit rating of a company compared to that company's competitors are not allowed. Also, no state aid can be given to failing businesses (The EU Explained, 2014).

Article 101 of the Treaty prohibits anti-competitive agreements between companies, and Article 102 prohibits abuse of dominant position in the market (EU and US Competition Policies, 2014). The EU considers agreements to be anticompetitive if the participants agree to fix prices, limit production, share markets or customers, and/or fix resale prices between a producer and its distributors (The EU Explained, 2014). The European Commission relies mostly on financial sanctions to enforce competition policy, as opposed to the United States' criminal procedural system (EU and US Competition Policies, 2014). Two-thirds of cartel cases in the EU are revealed through leniency programs (Stephan, 2015). Settlements also serve to streamline competition cases; after the European Commission conducts a cartel investigation, settlement and reduced fines are

offered as an option to the participants of the cartel (EU and US Competition Policies, 2014).

The Merger Regulation contains the rules for assessing concentrations; the separate Implementing Regulation pertains to procedural issues like notification, deadlines, and the right to be heard (The EU Explained, 2014). Large firms that are not based in the EU, but who do a lot of business within it and exceed certain revenue thresholds, must notify the European Commission when they plan mergers or acquisitions (EU and US Competition Policies, 2014). Below such thresholds, national competition authorities may review the cases (The EU Explained, 2014). If the EU determines that a given merger would negatively affect competition, it can block the merger until the companies propose a better alternative (EU and US Competition Policies, 2014). It is unusual for the European Commission to block a merger, though, since it can impose certain conditions or remedies on potentially problematic mergers (The EU Explained, 2014). The European Commission acts as both investigator and decision-maker in merger cases (EU and US Competition Policies, 2014).

Article 108 of the Treaty grants the European Commission the responsibility of enforcing the prohibition of Member States' distribution of state aid, only making exceptions if such state aid would have a large, positive impact on the internal market. Often, the European Commission allows state aid for research and innovation, regional development, and small businesses, since these all serve to benefit the EU. Before granting state aid, Member States' governments must inform the European Commission, which then conducts a preliminary assessment; 85 percent of such cases are approved. Even if the European Commission has not been officially notified of particular cases of government support—for example, if such cases were brought to its attention

by its own investigation, complaints from companies or individuals, or media reports—it can still investigate them. If the European Commission determines that existing state aid is illegal and disrupts competition, it instructs the national authorities to stop giving it and to recover the funds already provided. There is a state aid scoreboard that provides statistics on the amount and type of such support given by each Member State (The EU Explained, 2014).

Between the European Commission’s first cartel decision, taken in 1969, and October 2013, the Commission had imposed more than a total of €19 billion worth fines on 820 companies (EU and US Competition Policies, 2014).

Comparing Monopolistic Practices

South Korea

The booming South Korean economy would not have become large and successful without the success of its “*chaebol*” monopolies. A *chaebol* is characterized by three business traits: it is composed of many affiliated firms that operate in a variety of industries, one family has total ownership and control of the corporation, and the corporation comprises a large portion of the domestic economy (Murillo & Sung, 2013).

From 1961 to 1979, during Park Chung-hee’s rule, *chaebols* grew to power by cause of preferential treatment to spur economic growth following the Korean War and the Japanese occupation. The government provided the most prominent South Korean companies with growth incentives such as tax reductions, export subsidies, or loans without collaterals wherein the government was their credit guarantor (Murillo & Sung, 2013).

In the 1980s, when the *chaebols* became multinational corporations, they were no longer granted state aid and the government started increasing regulations (Murillo & Sung, 2013). The Monopoly Regulation and Fair Trade Act of 1980 created South Korea's primary antitrust watchdog, the Korea Fair Trade Commission, as a response to *chaebols'* expansion into industries outside their core businesses; such activity could reduce competition from small and medium-sized enterprises (SMEs). The terms of the nearly \$60 billion bailout given to the South Korean government by the IMF after the 1997-98 Asian Financial Crisis required *chaebols* to get rid of their businesses in non-core industries, comply with international standards of accounting and corporate governance, and to discontinue using extreme leverage for loans (Jin, Lee, & Saminather, 2017).

The four largest *chaebols* are Samsung, Hyundai, SK, and LG. Samsung alone controls 20 percent of the South Korean economy (Marlow, 2015). Out of the total value of Asia300 companies in South Korea, Samsung controls 41 percent and Hyundai has 13 percent; the total value of the index controlled by *chaebols* is 77 percent (Too Big to Control, n.d.). Korean SMEs face tough challenges, since there is no trickle-down effect of the *chaebols'* wealth to the SMEs. Having established sub-companies in many different industries, *chaebols* often serve as their own suppliers, thereby reducing the amount of money earned by SMEs outside the *chaebols'* management (Marlow, 2015).

The South Korean government and the *chaebols* have a symbiotic relationship—since the failure of any of these massive corporations would destroy the country's economy, the government does not implement policies that could harm the *chaebols*. There is much intermingling between *chaebol* executives and politicians—and sometimes no difference between them at all. Former president Lee Myung-bak was a Hyundai executive

before he took office; and recently impeached president Park Geun-hye is the daughter of the former president Park Chung-hee (Marlow, 2015). There have been many allegations of corruption amongst government officials and *chaebol* executives, often in related cases. For example, the recently impeached former president Park Geun-hye. Lee Jae-Yong, son of the chairman of Samsung, was sent to prison on bribery charges; he is accused of paying about \$38 million to one of Park's close friends in order to secure a controversial merger ("Lee Kun-Hee," n.d.). Choi allegedly used her connections to Park to pressure companies, including Samsung, into donating to two non-profit foundations she controlled. Park and her friend, Choi Soon-sil, were both charged with numerous corruption charges ("South Korea's Presidential Scandal," 2017).

The flourishing economy of South Korea has come at a great cost to SMEs and to the rule of law itself. The enormity of each *chaebol* on their own, much less combined, crowds out the economy so that SMEs cannot grow. Not only is this problematic for Korean SMEs, but it can have catastrophic consequences for the national economy if the *chaebols* collapse. Strong ties between chaebol executives and the government promote conflicts of interest, and the lack of transparency decays consumer trust. Criminal immunity of *chaebol* executives must end; they should be punished as regular citizens would be for their corporate crimes. Also, the *chaebols* must develop an internal monitoring function and encourage the practice of good corporate governance.

Singapore

Shortly after its independence in 1965, while its economy was very weak, Singapore adopted a state capitalist approach, forming government-linked corporations (GLCs) and statutory boards out of necessity to provide jobs, improve the standard

of living, and attract foreign investment. From the 1960s to the 1990s, Singapore had an average GDP growth of 7.5 percent per year. According to data gathered between 2008 and 2013, GLCs in Singapore accounted for 37 percent of the stock market value. They are also praised highly for their good corporate governance practices: in Singapore, GLCs are more likely than non-GLCs to have independent directors on their boards and to have their boards led by an independent or non-executive chairman. Also, GLCs are more likely than non-GLCs to have a Board Level Risk Committee and to hire external consultants to appraise their boards (Sim, Thomsen, & Yeong, 2014).

The Competition Act (2004) outlines Singapore's entire competition policy, focusing on three "key prohibitions": anti-competitive agreements, decisions, and practices; abuse of dominant position; and mergers and acquisitions that impede competition ("Legislation at a Glance," 2017.). Singapore's competition regulatory body, the Competition Commission of Singapore (CCS), has various resources to help guide government agencies when making decisions regarding Singapore's competitive environment. One of these resources is the Competition Impact Assessment Checklist, created as a quick self-assessment tool that allows agencies to determine if the impact of their initiatives would promote or hinder competition (Competition Impact Assessment, 2016).

The CCS has been active in engaging the public. It has promoted advocacy of the Competition Act and the work of the CCS through various campaigns, and has a detailed and updated news section on its website ("CCS Campaigns," 2014; "CCS in the News," 2016). The CCS also keeps a Public Register, an extensive database of all their decisions, directions, and notices that pertain to anti-competitive agreements, abuse of dominance, and mergers and acquisitions ("Public Register," 2014).

In 2012 and 2014, the CCS conducted a survey on the perception of stakeholders (comprised of the business community, consumers, government agencies, competition law practitioners, and law and economics university students) regarding Singapore's competitive environment and the effectiveness of the CCS. The study sought to gain a better understanding of stakeholders' perceptions of the CCS and knowledge of the Competition Act, as well as the overall culture of compliance. Overall, the survey concluded that the CCS's efforts for raising awareness of competition legislation has improved from 2012 to 2014, but also that the roles of the CCS need to be clarified amongst stakeholders, and that stakeholders perceive the market to be dominated by large companies that practice collusion and inhibit the growth of SMEs (CCS Stakeholders Perception, 2014).

The World Economic Forum's Global Competitiveness Report for 2016-2017 ranks Singapore as number 4 out of 138 countries for its effectiveness of anti-monopoly policy, with a value of 5.5 out of 7. Also highly ranked is the nation's score for ethical behavior of firms—it is ranked as number 3 out of 138 countries and has a score of 6.2 out of 7 (The Global Competitiveness Report, 2016).

The data on Singapore's anti-monopoly policy is encouraging, as are the results of the 2014 survey of the CCS's outreach efforts and the plethora of up-to-date and user-friendly information publicly available from the CCS. It can be inferred that the CCS has been successful in its work as the competition regulatory body for the nation. Its mandate of independence, clear guidelines for government agencies and businesses alike, and serious approach to advocacy are examples that the rest of the world would be wise to follow. Though Singapore's market has a large number of government-linked corporations, this is not so much of a cause of concern due to such companies' closely-held

values of transparency, independence, and good governance. Importantly, they have kept distant from the government and do not dominate the market. The rule of law has prevailed in Singapore, as is clear from the World Economic Forum's data, and as a result, the economy has greatly benefitted.

Brazil

The Administrative Council for Economic Defense (CADE) is an independent agency under the executive branch of the government of Brazil whose mission is to ensure free competition in Brazil. It is responsible for investigating and making ultimate decisions on competition issues, as well as fostering competition ("About Us," n.d.). In 1962, CADE was created as a part of the Ministry of Justice to monitor companies' economic management and accounting. In 1994, it was reformed into an independent agency. In 2012, the system was reformed again with the new Brazilian Competition Law (2012). While the old competition regime allocated the investigative, prosecutorial, and adjudicative operations to three different agencies, the new law brought them all under CADE's responsibility; it also introduced a mandatory pre-merger notification system, as well as brought changes to the administrative and criminal sanctions for anticompetitive entities (Martinez & De Araujo, 2013). Another significant change was the increase in CADE's ability to consult with the courts: the new legislation makes it more difficult for firms to appeal CADE's decisions (BTI, 2016). CADE is "an authority for competition defense," not a competition regulatory agency. It cannot regulate prices or conduct criminal investigations ("Our History," n.d.).

CADE has decreased the number of anticompetitive conduct cases it reviewed since 2012 in order to allocate its resources more strategically to larger cases; however, the number of

investigations that show evidence of anticompetitive behavior among companies, and the number of administrative indictments issued, have increased. The number of administrative proceedings has risen steadily from five in 2012 to 37 in 2015. CADE also has a cease-and-desist agreement program with companies, a leniency program, and a compensation program for individuals who incurred damage by cause of companies' anticompetitive actions (De Oliveira Júnior, 2016).

CADE has played a significant role in investigating the ongoing (as of writing) "Car Wash" scandal. Having started out as a money laundering scandal involving a network of gas stations, investigations beginning in 2014 revealed it to be a complex political scheme. Seeking to hold on to power, the Workers' Party, led by former president Dilma Rousseff, and current president Michel Temer's Brazilian Democratic Movement Party, had state-run oil company Petrobras overcharge clients on construction contracts, with the proceeds going towards Rousseff's, Temer's, and others' political campaigns (Winter, 2016). In late 2016, CADE signed its sixth leniency agreement with some of the companies involved, including Andrade Gutierrez Engenharia. CADE has determined that several companies established agreements to fix prices, conditions, and advantages in the public bid, and created a market division between them through consortiums and by exchanging competition information (Administrative Council, 2016).

CADE makes leniency agreements with the agreement's first applicant (or the applicant's economic group) only. Their policy states that the applicant must cease its involvement in the anticompetitive conduct, confess wrongdoing, and be completely cooperative in the investigation process. In return, it is granted criminal immunity, and its punishment will be reduced by one- to two-thirds (Administrative Council, 2016a). In February

2017, CADE signed four cease-and-desist agreements with two of the construction companies involved with the “Car Wash” scandal (Administrative Council, 2016b).

CADE imposed US \$1.7 billion worth of fines in 2014, over 80 percent of which coming from a US \$1.39 billion fine imposed on a single cement cartel. In 2015, CADE only imposed US \$188.85 million worth of fines. Public procurement cartel cases dominated CADE’s activities in 2015 and 2016, notably including the Car Wash scandal investigations (Global Cartel Enforcement, 2016).

The World Economic Forum’s data on the effectiveness of anti-monopoly policy in Brazil for 2016-2017 presents a bleak reality, ranking Brazil as number 73 out of 138 nations, with a score of 3.6 out of 7. The ranking for the ethical behavior of firms indicator is number 131; in this category, Brazil’s score is 2.8 (The Global Competitiveness Report, 2016).

CADE has been consistently involved in antitrust cases since its creation and has actively investigated the Car Wash scandal. Also, the fact that CADE has historically imposed high fines indicates a high willingness to deter anti-competitive activity. However, CADE has not been taking enough preventative measures against such conduct. As of writing, it remains to be seen how the Car Wash investigation and judicial proceedings end, but one can only hope that this is a wake-up call for economic and political actors in Brazil who hinder the competitive environment. One potential weakness with CADE’s mandate is that CADE is not obligated to follow past decisions when deciding future cases. CADE’s internal regulations specify that such legal certainty is only guaranteed if CADE rules in the same way ten times or more (Overview of Competition Law, 2016). Also, the weak rankings listed by the World Economic Forum show that,

despite the CADE's efforts, there needs to be more of a crack-down on unethical conduct in business.

Armenia in Comparison

Armenia

Passed in 2000, the Law on the Protection of Economic Competition (LPEC) established the State Commission for the Protection of Economic Competition (SCPEC). The SCPEC, which is funded entirely by the state budget, is the primary regulatory body in Armenia which focuses on protecting the competitiveness of the market (LPEC, 2000). Its main functions are overseeing compliance with the LPEC, taking decisions on violations of the LPEC, creating and implementing measures to prevent violations of the LPEC, aiding the development of economic competition, and creating legal acts to regulate government policy relevant to economic competition (Nranyan, Petrosyan, & Hovannisyan, 2013). It is also responsible for protecting and promoting economic competition to facilitate business development and the promotion of consumer interests; creating a market environment necessary for fair and free competition; preventing, restricting, and warning against anti-competitive practices, and supervising the protection of economic competition (LPEC, 2000). The SCPEC is a state agency, part of the executive branch, yet independent from Armenia's Central Government (Nicholson & Melikyan, 2006). There is a second regulatory body, the Public Services Regulatory Committee (PSRC), which only regulates some monopolies—since the SCPEC regulates all monopolies, the existence of the PSRC is redundant (Republic of Armenia, 2013). The LPEC is modeled after Articles 81 and 82 of the Treaty of Rome (1957). According to Articles 43(1) and 43(2)

of the Partnership and Cooperation Agreement between the EU and Armenia, the competition legislation between Armenia and the EU should be harmonized (Nicholson & Melikyan, 2006).

In the Hrayr Maroukhian Foundation's 2013 report, "Monopolies in Armenia," the authors criticize Armenia for not having a "sound economic policy," criticizing the government officials in charge of economic policymaking for having "falsely neoliberal views" and for looking out for their own interests (Nranyan et al., 2013, p. 72). They claim that the SCPEC does not do enough to remove barriers to entry or encourage the growth of small and medium-sized enterprises (ibid.).

According to the World Bank's 2013 report, *Republic of Armenia: Accumulation, Competition and Connectivity*, the SCPEC has faced institutional challenges that hinder its ability to enhance competition. The report argues that the LPEC is insufficient and the SCPEC "faces capacity constraints" (Republic of Armenia, 2013, p. 47). It goes on to argue that the changes made to the LPEC in 2011 overall made the legislation stronger, but allow the LPEC to have certain drawbacks. Such include the assessment of market dominance; the structure of fines, mergers, and concentrations; the too narrow focus on price levels instead of anticompetitive conduct; and the lack of investigative powers granted to the SCPEC. Also, though the SCPEC submitted a proposal for LPEC amendments to Parliament, many key recommendations outlined in the proposal were mitigated during the parliamentary approval process. Another issue with the LPEC is that its definition of market dominance takes into account only market shares, without acknowledging firms' capacity of making decisions accounting for customers or competitors and without emphasizing the need for analysis of market entry barriers when determining market dominance (ibid.).

The SCPEC needs to rethink its financial sanctions protocol, as well. The World Bank report states that fines are most effective if they are set at about 10 percent of a firm's turnover. In Armenia, the average fines are, at most, 1.5 percent of the average turnover of the country's 100 largest taxpayers. Also, it is common for cartels to face less severe penalties than other actors who were convicted of minor offenses (ibid.).

Armenian economy, still developing, does not run as efficiently as many Western ones. Corruption permeates the government and economy alike; the dominant position of several select businesses in Armenia is attributed to their executives' personal connections with high-level government officials. Informal "rules of the game" impede the SCPEC's ability to be an effective regulatory body, along with the large shadow economy, over which the SCPEC has virtually no control; the existence of the shadow economy causes the market to be underrepresented and only benefits a few economic entities (Nranyan et al., 2013, p. 58).

In late 2013, the Armenian government sold its 20 percent stake in the Russian monopoly gas operator ArmRusGazprom to Gazprom Armenia, which already had an 80 percent stake, making Gazprom Armenia the monopoly natural gas provider for Armenia. It was also agreed that Gazprom would have the sole right to provide natural gas at a low rate to the Armenian market until 2043 ("Armenia Sells Gas Monopoly," 2014). Also, the agreement grants Gazprom Armenia preference for electricity exports to Iran and Georgia, effectively giving it the monopoly. This impedes Armenian domestic electricity producers from accessing the regional market ("No Decrease in Price, 2015). The deal also grants Gazprom ownership of Armenia's natural gas pipeline, as well as the right to use power lines for energy exports ("Russia Tightens its Hold," 2015).

All the electricity in Armenia is supplied by the Electricity Networks of Armenia (ENA), which has been fully owned by the Tashir Group, a Russian company, since 2015 (“Tashir Group,” 2015). Before then, it was controlled by Inter RAO, another Russian company, since 2005. ENA had been incurring significant losses and debt accumulation since 2012, and neither the Armenian government nor ENA has the resources to adequately maintain electricity facilities or the electricity supply (“Mismanagement and Corruption,” 2016).

In June 2015, Armenia’s Public Services Regulatory Commission (PSRC) voted to increase electricity prices by 6.93 AMD (US \$0.015) per kilowatt-hour—an increase of 16.7 percent (“Premier,” 2015). This would have increased the cost of electricity by 80,000 AMD (US \$165) per Armenian household per year (“How Much Will Electricity,” 2015). The “Electric Yerevan” movement came about as a result, with citizens flooding the streets of Yerevan and other Armenian cities to protest the price hikes. As a result, the government announced that it would audit ENA, since the company had originally wanted to increase prices by 40 percent, and that it would subsidize the price increase for households (“Premier,” 2015).

There is little dispute about Russia’s dominance in Armenia’s utility sector, given that Russian state-linked firms Tashir Group and Gazprom control Armenia’s natural gas and electricity distribution. Although there were discussions between Armenia and Iran regarding the construction of a \$3.7 billion railway between the two countries, Russia was opposed to the plan—and more recent discussions indicate that Iran would prefer to build a cheaper railway through Azerbaijan instead that would lead up to northern Russia. (“Russia Tightens its Hold,” 2015).

There is little information available from the SCPEC in Ar-

menian or English; it is crucial that businesses and consumers have access to such information so they can familiarize themselves with the activities of the SCPEC and the Armenian government's general approach to the competition regime. This lack of public outreach is a serious weakness; the SCPEC should do as Singapore's CCS has done and make their own information, along with news articles pertaining to their operations, publicly available. If businesses and consumers are made aware of the SCPEC's expectations for competitive behavior in the domestic market, then hopefully businesses would be more inclined to act fairly, and consumers would advocate for fair business practices and reach out to the SCPEC with their concerns.

Comparing Armenia to South Korea, Singapore, and Brazil

In comparing the competitive environments of South Korea, Singapore, Brazil, and Armenia, many parallels can be drawn amongst them—and despite their obvious differences, every business in the world must be held to the same standard when it comes to ethical practices.

South Korea and Armenia share a history of crony capitalism, a symbiotic relationship between business and government. Armenia could follow South Korea's example in providing government support to businesses in order to boost economic growth—however, this does not warrant or promote the notion of allowing the economy to become dangerously dependent on a few large conglomerates in the same manner as the Korean economy is with its chaebols. In order to do this, however, Armenia must gain more economic independence from Russia. While South Korea's chaebols are dependent on the Korean government, Armenian firms are just as dependent on Russia, if not more so, as they are on the Armenian government. Being tied to a government is not healthy for any firm in any economy,

and this only gives rise to conflict of interest scenarios.

Ranked in the top five nations by the World Economic Forum for its effectiveness of anti-monopoly policy and ethical business practices alike, Singapore acts as a model for Armenia to follow. Similarly to South Korea, its government-linked corporations were created to catalyze economic development and continue to play a major role in the market. However, unlike the lack of any trickle-down effect in the Korean economy, if Armenia was to make such an investment, perhaps not only the economy would strengthen, but the relatively high poverty rate would decrease. Another key to Singapore's success is transparency of its institutions and strict adherence to good governance—Armenia has no excuse not to comply with such universal ethical standards. Even Singapore's GLCs keep a healthy distance from the government—if Armenia's private firms could do the same, then Armenian firms and the government would gain back trust from the general public.

Also, Singapore's CCS has done much to advocate its work and to raise awareness of the competition legislation. Having an informed public is important to democracy, and therefore Armenia's SCPEC needs to do more in the realm of outreach. Brazil's CADE, like Singapore's CCS, has more resources available to the public, as well as an impressive track record of imposing financial sanctions on public procurement cartels. While the SCPEC has historically imposed fines of less than the World Bank's recommended 10 percent threshold, CADE has often imposed fines greater than 15 percent of firms' turnover (Republic of Armenia, 2013; Overview of Competition Law, 2016). The SCPEC would most likely have a greater impact if it imposed heftier fines.

Policy Recommendations

There are many specific policy changes that should occur in Armenia's legislative capacity, but these should be seen as supportive of the broader societal changes that must occur in order to make real progress and improvement upon the Armenian economy.

All policies must be tailored to the medium- or long-term. Short-term thinking will not help the economic progress of the Armenian general public or lead to long-term prosperity. There needs to be an "ideologically sound economic policy" in place, including such policies as reforming the SCPEC, removing barriers to entry in the market, and encouraging the growth of small and medium-sized enterprises (Nranyan et al., 2013, p. 72).

One must echo the criticism by the World Bank in its 2013 report, *Republic of Armenia: Accumulation, Competition and Connectivity*, that the SCPEC focuses too much on price fluctuations and not enough on anti-competitive behavior and market conditions (Republic of Armenia, 2013). The current "form-based," rather than "effects-based," approach to competition policy reflects this. The SCPEC, by concerning itself solely with price levels, is not analyzing what effect price fluctuations have on the market. An effects-based approach would treat the various practices that inflict harm on consumers equally—even the same practice, such as lowering prices, may have opposite effects in various circumstances. For example, low prices can either improve the competitive environment, or make it less competitive by having an exclusionary effect. After all, consumer welfare is the determinant of market competitiveness—lower consumer welfare is an indicator of harm inflicted on consumers by market actors (Gual et al., 2006). Also, the SCPEC should spend more

resources on preventative policies, rather than relying on punitive approaches to anti-competitive behavior. In addition, merging the PSRC and the SCPEC would also help the Armenian government economize its anti-monopoly resources, since the SCPEC regulates all monopolies and the PSRC regulates only some monopolies (Nranyan et al.,2013).

Specifically, the ability to conduct dawn raids and other such investigations, plus the introduction of a leniency program, are two critical steps that must be taken in SCPEC policymaking. Both dawn raids and a leniency program would help the SCPEC gain access to business records and, in cases of cartel arrangements, evidence of illegal collusion. Leniency programs, however, only work if the fines imposed are severe enough, and if there is a high likelihood of detection and successful prosecution of crime. There is a positive correlation between the willingness of a cartel participant to report its misconduct and the severity of the punishment to be imposed on the cartel (Volunteer Peer Review, 2010).

The SCPEC should also work on removing barriers to entry in the market, particularly in the sectors of transportation, electricity, and gas (Republic of Armenia, 2013). Since firms that have a dominant market position have little incentive to invest in research and development, there should be a policy incentive introduced in this regard (Nranyan et al., 2013). This would improve competition and increase Armenia's developmental progress. There could also be policy incentives to encourage the growth of SMEs. On this issue, the SCPEC should engage with the SME Development National Center (SME DNC), an organization that works on dialogue between SMEs and the government, increasing SME competitiveness in the market, and ensuring the availability of SME business, financial, and innovation development. Currently, the Ministry of Economy is the Arme-

nian government's liaison to the SME DNC, but it would be wise for the SCPEC to consider the interests of the SME DNC when making policies that serve to promote the competitiveness of SMEs ("General Information," n.d.). Such policies would involve improving SMEs' access to finance, promoting exports, and integrating entrepreneurship studies and training into formal education (SME Policy Index, 2016).

The broader changes that need to be made start with advocacy on transparency and fair play in the market; the SCPEC needs to make more of its news, publications, and general information available on its website so that the public, people involved with businesses, and government agencies can educate themselves on the existing competition legislation and the work of the SCPEC. Armed with such knowledge, consumers themselves can pressure the government to eliminate the privilege given to large corporations, particularly those in Russia like Tashir Group and Gazprom. This may help relieve Armenia's political and economic dependence on Russia and allow the small nation to move towards the West in these regards.

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Economic Stabilization: The Agricultural Sector and Poverty Reduction in Armenia

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Abstract

By examining aspects of economic theory, this paper will help examine the current state of the agricultural sector in Armenia in terms of poverty reduction. This work will begin by describing the historical developments of the sector under the Soviet command economy. The transition period process Armenia faced with the collapse of the Soviet Union and independence of the early 1990's will be used to explain the current trends in Armenia today. Using reported data from leading organizations will help gain a clear perspective on the current state of the agricultural sector as well as poverty. Additionally, interviews with those in the sector will help promote strategies that can be applied to poverty reduction within the country.

Keywords: land reform, economies of scale, poverty alleviation, agricultural producers

Introduction

Understanding poverty alleviation in Armenia's agricultural sector today requires a historical perspective. The focus of this research is based on economic theory, specifically, economies of scale. Semi-structured interviews with dried fruit producers in the region provide evidence that scaled cooperation in agrarian economic development is key to poverty alleviation for this small landlocked country. It is through cooperation and large-scale agricultural production which moves populations away from subsistence farming and into the wider market system.

Subsistence farming, an indicator for agricultural poverty, has its beginnings with Armenia's literal destruction of its industrial sector in the late 1980's. The literature notes that Armenia industrialized quickly after the Second World War. Benchmarking against the total industrial output of the Soviet Union, Armenia's industrial output had grown 40 times by 1979. *Tiny Armenia* (2017). Additionally, Armenians managed to create about 30% of the Soviet Union's innovative military equipment. *Tiny Armenia* (2017). The earthquake that struck in 1988 devastated industrial centers such as Gyumri, which produced trucks, tires, elevator, and electronic equipment. According to some estimates the country lost about 30% of its manufacturing. (*Armenia - Industry*). This event occurred at a difficult time for Armenia, as Moscow was trying to hold on to its distant republics as it tried to reform itself through perestroika, or restructuring, and glasnost, the opening of society. Resources were scarce

in the rebuilding process, leading to migration to the agricultural sector.

In conjunction with this singular event, was an institutionalized structure rooted in early Soviet-era ideology. Private land use was abolished, and all factors of production including land belonged to the state. This was done in response to new communist forces in Moscow who wanted to create a centrally planned economy. Under Soviet leader farmland was organized into Kolkhoz and Sovhost.

There were number of differences between Kolkhoz and Sovhost. Kolkhoz, collective farms were self-financed producer cooperatives. Land was granted by the state, tax-free, and workers were paid according to their contribution to the work. The Kolkhoz was governed by a chairman who had a strong commitment to the communist party. In terms of production, the farm had quotas to fill, but were free to sell surplus based on market principles of supply and demand. They received higher prices for their goods, but generally lower income, due to the production of a variety of goods, and not just one type of crop. In comparison to monoculture this system was inefficient. Sovkhoz, state farms, were financed by the government. Wages and benefits were comparable to industrial workers. Unlike Kolkhoz, the entire output goes to state collection agencies. In terms of productivity this type of farms were more efficient. Not only could they specialize on one crop, but they had better access to machinery, chemicals, and knowledge as they specialized in crops that were more appropriate to the region. (n.d.) For example, wheat was one of the staple crops of Armenia, where 80% was shipped to other republics. In addition, Armenia focused on the production of grapes, mainly used in brandy production, as well as tree fruit. (n.d.) In essence agricultural specialization and scale fed most of far flung republics.

Methodology

To achieve a greater perspective of the Armenian agricultural sector in terms of poverty alleviation, two complementary methods were used. This consisted of a traditional review of the literature, by leading researchers and organizations as well as first-hand accounts by people involved in the agricultural sector using semi-structured interviews. A historical view was needed to trace the origins of Armenia's poverty today to account for Armenia's change of economic model. It is worth noting that Armenia transitioned from a centrally planned economy under the Soviet Union to one is more market oriented as seen today. The agricultural producers interviewed for this research support main economic theories, which in practice can be applied as a possible solution to poverty alleviation.

Armenia's Transition Period

Shortly after independence the country slipped into an economic decline as it tried to position itself into new emerging market economy. According to the analysis provided by Zvi Lerman, Yoav Kislev, David Biton, and Alon Kriss in their work *Agricultural Output and Productivity in the Former Soviet Republics* they noted that, "...output fell everywhere except for Armenia as many returned to work the land when the urban economy became uncertain and the land-reform policies afforded access to subsistence farming". Lerman, Kislev, Biton, and Kriss. (2003). In other words, agricultures acted as a pull factor. This was due to domestic issues, such as the earthquake mentioned previously in the introduction, as well as the conflict with Azerbaijan over

Nagorno-Karabakh. Turkey, as well as Azerbaijani blockaded their borders to trade, reducing exports.

To examine some of the economic indicators, it is crucial to build the legal framework in which privatization occurred. Property rights needed to be defined. The Land Code of the Republic of Armenia provides a blueprint to frame the discussion. As previously mentioned, land privatization was a mechanism to eliminate the influence of Moscow by devolving land responsibility to local Armenians. According to Part 1 Article II of the Land Code every citizen of the Republic of Armenia has right to the ownership of the land. Article IV defines the forms of ownership of land. Additionally, there are three different forms of ownership: by citizens of the Republic of Armenia, collective ownership, and state ownership. Lastly, pertaining specifically to agriculture, Article 5 notes that land is allocated to the citizens of the Republic of Armenia as property for operating peasant as well as collective farms. Citizens are also allowed to create combine farms, thus creating a collective entity but must be done voluntarily. (Ter-Petrosian, Levon. (1991).

Gagik Sardaryan is the Chief Executive Officer (CEO) of the Center for Agribusiness and Rural Development (CARD) located in Yerevan, Armenia. In an interview dated March 22, he talked his role in the transition process, and the effect this had on farmers. The early 1990's brought privatization of land and livestock to Armenia. In speaking with Sardaryan, he noted that there needed to be this shift in the political economy of Armenia in the wake of independence. "...[I]n order to eliminate this influence of the Moscow and [the] Armenian Communist Party in all the regions...they [Government leaders] decided [to] immediately go to privatization [and] give away everything to those who lived in rural communities." It was not organized properly. It was very fast process and it was more political re-

form to destroy Soviet system in the rural areas....”. Sardaryan G. (2017, March 22). Personal Interview. Politically this made the Government in Yerevan quite popular, creating unity within the country. Economically the effect was the loss of large-scale farms (economies of scale) and the creation of smaller plots of land for individuals to farm as part of the prescribed market liberalization methods.

The privatization process was completed in a very deliberate way to ensure that households were receiving the appropriate amount of land to support their families. Sardaryan, working for the Ministry of Agriculture in Yeghegnadzor Marz as Head of the Department, he was responsible to oversee the privatization process. According to his firsthand account, it was decided that land should be divided, according to the amount of family members. If the family had three members they would receive one piece of irrigated land as well as one piece of non-irrigated land. If the family had four or five people in the household, they would receive two pieces of land, two irrigated and two non-irrigated. If the household had six people, they would receive three pieces of irrigated and three pieces of non-irrigated land. Sardaryan G. (2017, March 22). Personal Interview.

In the work, *The State of Agrarian Reform in the Former Soviet Union* by Max Spoor and Oane Visser they examined the viability of privatization in post-Soviet countries. They found that smaller Caucasian countries, especially Armenia gained a degree of success from these reforms but also experienced some challenges. The data found that the share of the peasant farms in agricultural land increased from 165,200 to 333,800 hectares during the 1992-1999 period (Spoor, 2001, p.888). This demonstrates that the legal framework, as well as policy implementation was working. In terms of challenges peasant, “....farms [were] generally much larger (10-20 hectares on av-

erage or more), except in countries such as Armenia...where parcellation policies have been implemented and the boundaries between household plots and peasant farms are fuzzy". (Spoor, 2001, p.890) This created property ambiguity, making it difficult to plant for the season, resulting in perceived lack of efficient agricultural practices.

Although privatization was meant to bring a level of equality, there still existed this level of inequality in agricultural communities. Asset inequality consisting of tractors, combines, planting, and harvesting equipment came into existence. With the partitioning of land, it was hard for farmers to use this equipment forcing many of the farmers to do the work by hand, thus decreasing their productivity. When asked who would receive the heavy equipment, he noted that that it would go to the person who held the knowledge capital from the Soviet years. The person also paid a symbolic amount of money to the government for the purchase of the machinery. Though this made sense, this was not without problems. Operators controlled the use of this equipment, and some lacked the will to provide the service in a timely manner. Sardaryan G. (2017, March 22). Personal Interview. Agricultural production was dictated by the ambition, or lack of, by an individual member of the community.

The last privatization matter pertained to livestock. This needed to be done quickly, especially in the rural regions, as livestock cannot be left unattended for long periods of time. According to Sardaryan, farmers should take a minimum of ten sheep. There were no exceptions even if one wanted to take two to feed the family's children with two sheep. Cattle was done with a similar formula where one should take a minimum of five heads. Each farmer was entitled to two bulls and three heifers. Sardaryan G. (2017, March 22). Personal Interview.

The problem was that this measure did not consider the needs of the individual household, and what they could budget. Those who engaged in light subsistence farming for their household were now forced to pay for inputs, such as feed for animals, that they might not have necessarily had before. The other issue was that some of the rural population had no experience in agriculture as they belonged to other industries and did not understand what needed to be done to tend to these animals.

The breakup of the collective and state farms paved the way for a reinvestment in crop diversity due to the peasant farm sector. Parcellation, "...can be at least partly traced to product specificity, as many of these procedures are in intensive vegetable, livestock, and fruit production, which requires smaller units for greater efficiency" Spoor, 2001, p.887). The breakup of these large collective farms, led to a new incentive structure for farmers. Farmers used the land to produce an array of goods that best fit, not only the climate, but market demand as well.

Agricultural Poverty in Armenia

The current discussion up until this point has not only focused on the historical structure of collective farms, under the Soviet Union, but on emphasizing the nature of the transition process in Armenia. This section will focus on what agricultural poverty looks like in Armenia. This will be demonstrated using not only firsthand accounts but data gathered from leading organizations to piece together a larger story.

Before addressing ways to reduce poverty sometimes it requires a larger look at the country to try to understand the larger picture. In terms of the profile of Armenia, "...out of the 915 communities of Armenia, 866 are rural (around 36% of the

country resides in villages), hence agriculture plays an important strategic role in rural development. As of 2012 agriculture employs 457.4 thousand people, which accounts for 38.9% of the country's total employment and 75.2% of rural area employment". Avenue Consulting (2014). The United States Aid for International Development (USAID) an organization that works in capacity-building measures as well as poverty reduction provides a snapshot of Armenia. Specifically,

"...farm and rural non-farm incomes are low and labor is underutilized. While over 40% of the labor force is employed in agriculture, it only contributes to 20% of GDP due to low productivity. The lack of market access in some rural areas not only hinders normal economic activity, but also prevents new entrepreneurs from entering the market. Poverty remains a serious problem and it is estimated that 25-50% of the rural population lives at or below the national poverty line" (Economic Growth).

USAID is not the only actor providing figures about this landlocked country. According to UNICEF's Country profile: Education in Armenia their assessment reveals that efforts, "... to reduce national poverty, with the percentage of people living below the poverty line dropping from 56% in 1999 to 30% in 2005." a 26% reduction in a six-year period. In addition to the percentage of those in poverty dropping, there has been a decrease in inequality measured by the Gini coefficient as it, "... is on par with the regional average of 0.33" (UNICEF). The coefficient is designed to measure the level of wealth inequality within a country's population. Simply stated the lower the value, the less income inequality there is in a society. Additionally, the World Bank provides additional information about Gini, realizing that Armenia has even lower wealth inequality than the U.N. figures standing at 0.31. GINI index.

To appreciate a greater understanding outside of official figures, interviews were conducted in order to gain a larger insight. In an interview conducted with Sardaryan, dated 22 March 2017, he was asked to describe what life was like in a rural village in Armenia. After a brief description, he was asked if these villagers were stuck in an agricultural poverty trap. He responded by articulating that this was indeed the case:

Most of them are stuck. Let's say I'm from region, I have neighbours, [who have a hectare of arable land]. Every year they produce some wheat, [to make flour to turn into lavash to store. Some of the [excess] grain goes to feed one or two pigs or chicken, for meat, or... for eggs (G. Sardaryan, personal interview, March 22, 2017).

Sardaryan described the reality of rural Armenians, who rely on subsistence farming for their livelihood. Most, if not all, the production goes back into the household for the family to survive. They are not connected with the open market and is more aligned with a closed market system at the microeconomic level.

A question was then asked to clarify the agricultural operations of households affected by the parcellation of land and whether these people are essentially living from year to year. In response, he told of his commercial activities with his neighbors:

....I don't see their development. For the last 10 years I have been buying milk from them, whenever I am in that region..... And, what [do] they do? They have 2 cows, [one] year [two cows the next]. [T]hey process [milk] for cheese batter and sour cream... The excess meat they sell to neighbor[s] like me..., They have some turkeys, [and] chickens, they sell, [or use for] home consumption [They also own a] half hectare vineyard. Every year they sell grape to the processors. Sometimes they

get money after a year of selling. ...some of the grapes... make local wine and homemade vodka, some of the homemade vodka, they barter for the potatoes from the other regions.... They produce onion...and sell it to the neighbors...This is a typical farm, [where] they are hard-working from the morning to the evening... I don't see that they build a second house, or buying new cars. [T]hey do this to cover some...expenses, but they never grow up into the more advance [stage to earn more] money to feed the family, keep health ect ect. But no growth (G. Sardaryan, personal interview, March 22, 2017).

Sardaryan reveals that his neighbors are stuck in this trap, where they cannot seem to develop enough to break this cycle. Productivity of household labor in the agricultural sector is rather low as there does not seem to be this interest to develop further. Each year the household has a different amount of not only crops, but animals as well, depending on their needs and economic position. It is also important to note that the economic interaction mostly stays within the household. They do not have the means to sell in high volumes to outside markets other than to those who live in town.

There have been several capacity building measures in recent years to develop the agricultural sector either internally within Armenian villages, or from larger organizations such as the United Nations. In terms of economic trade, it is difficult for Armenia to trade with foreign markets, both in the region as well as in the European sphere where they would benefit. Currently Armenia does not consider Azerbaijan a trading partner due to historical, yet still simmering, disagreements over Nagorno Karabakh. Armenia has restricted direct trade with Turkey, re-routing much of the trade through Georgia, a country that holds access to the Black Sea and European Markets. In addition, Av-

venue Consulting Group issued a report titled: Agriculture in Armenia Snapshot that provided a list of challenges affecting this sector. “There is a lack of economies of scale, increased input cost, Armenians have not invested in the appropriate food safety certifications, such as Global GAP, that would allow them to enter higher value markets like the EU” Avenue Consulting. (2014).

Opening to Europe, is not easy, despite some positive effects. It would increase demand for Armenian goods. Farmers would raise their prices to capture the price foreign customer would be willing to pay for their goods. In is worth noting that the amount of land is fixed in the short run (because farmers need time to accumulate more by purchasing other plots of land) farmers would seek to increase agricultural yields by investing in the improvement of their land, as well as purchasing inputs such as fertilizers and pesticides to increase the yield. One major factor that stops this flow of trade is regarding food safety standards in Europe, a factor that will be expressed later.

There are several different number capacity building measures that can be applied to the alleviation of poverty in Armenia. Implementing such strategies are means to enhance market potential. Such strategies have been implemented in two fashions, top-down, and bottom up. One such top down strategy has been implemented by the U.N. with success in the creation of greater meaningful crop diversification and scale.

The United Nations Development Program (UNDP) in Armenia looked at one farmer in the Lori region, by the name of Armine Muradyan. In her village they cultivate, “...potatoes, wheat, beetroots, and cabbage, which do not have a high value in the market and are mostly used for household consumption...” Adding Value. This theme of subsistence farming plays across

rural Armenia. She realized that to generate more household income she needed to diversify her crops in the village. To do this she cultivated high-value vegetables - asparagus, roccella, broccoli, which are in high demand in the Armenian markets. Adding Value. Additionally, she worked with other women to create economies of scale through her cooperative “The Future is ours”.

The cooperative also applied for a project sponsored by The European Neighborhood Programme for Agriculture and Rural Development (ENPARD). The goal of this project is to “...encourage the development of farmer’ associations and improve access to more affordable food” ENPARD. This cooperative establishment, cultivation of non-traditional crops, and business skills development, and were supported in developing their business plans. The project also provided them with practical items to begin, like plastic tunnel greenhouses, cultivation tools, and high-quality broccoli seeds (Adding value).

Under the Technical Assistance project under ENPARD is to offer assistance to the Government of Armenia to ensure efficient and sustainable agriculture. The areas of focus included: value chain development, production volume expansion, product development, technology upgrading, marketing, as well as introducing best agricultural practices and disaster risk reduction systems. ENPARD. In this way, the program is acting to fill an array of shortcomings in the market. This can be thought of as capital development. It has helped 600 primary producers in 40 agricultural cooperatives. In addition to offering assistance there are several expected outputs from the program such as the strengthening of producer groups, the engagement if effective value addition in products, and improved access to affordable and better-quality food. ENPARD.

Economies of scale were achieved by examining the agricultural potential in the market. The group of women created an association, facilitated by a U.N. sponsored program and came up with a solution that resides in agricultural traps- planting similar crops. By diversifying their crops and sharing inputs they will be about to have a larger profit margin through the sale of their new agricultural goods.

There are also many bottom-up strategy initiatives being implemented in the country. A series of interviews with leading producers in Armenia demonstrate what is being done in the local communities. In speaking with Arkadi Karchikyan owner of Setanie a dried fruit cooperative in Yervandatshat village he noted that 90% of the people living there work in the dried fruit industry. His relatives once created a cooperative during the years of the Soviet Union and later gave a portion to his family. He created a similar legal cooperative, knowing that breaking up the plots would not be good for dried fruit production. He is now focusing on producing high quality dried fruit to sell to Russia. (A. Karchikyan, personal interview, March 15, 2017).

In the town of Meghri in the southern part of the country lies another set of dried fruit producers. Ashot Qalasyan has been the recipient of interventions from the Markets for Meghri (M4M) initiative to expand his dried fig and persimmon production. He is working with the team to improve the land chemistry to maximize land use. In addition, he is working to improve his capacities by increasing his quantity of dried fruits through purchasing of other producer's goods. This will aid in his future for fruit vodka production which he plans to build on site (A. Qalasyan, personal interview, April 27, 2017).

Ishkan Aslanyan has formed an association with many dried fruit producers in the region. He works with thirty-four produc-

ers that focus on quality products. He sells his best quality products to Russia, the rest for domestic sales. To ensure quality, he pays 10% above market price and will be also providing free pesticides to reduce their cost. In terms of future development, he wishes to sell to Europe within the next decade, but must meet food safety and quality measures (I. Aslanyan, personal interview, April 27, 2018).

Poverty reduction in Armenia requires using strategies implemented by established farmers. The goal of these farmers is to create scale to sell to markets to be competitive. These producers each have their own strategies to increase scale. This is done through improvement and purchase of additional land, using defined property mechanism in the creation of cooperative and associations, as well as diversification in the quality of their product to be able to sell to larger markets. These strategies are a long-term poverty alleviation in Armenia within the agricultural context.

Conclusion

This paper is designed around the economic theory and mechanisms that lead to economies of scale to poverty reduction. The concept notes that as the quantity of the supply of agricultural goods increases, the cost per unit decreases. It is the reduction of cost that allows the farmer to have more income from the sale of their produce.

In the article Economies of Scale in Crop Production written by J. Edwin Fairs he came up with three different ways to achieve economies of scale in this sector. He said that economies of a scale are achieved by the acquisition of inputs, achieving technical relationships, and from integration. The last idea, inte-

gration, has been a common idea for Armenian farmers featured in this research. Fairs noted that:

...large-size potato farmers operate their own potato processing sheds while the small- and medium-size potato producers do not. Ownership of a processing shed usually carries the advantage of obtaining other inputs at dealers' prices and this may enable the farm operator to increase his revenue. The owner processes his own potatoes first to take advantage of higher prices at the first of the season. Ownership also enables the farm operator to have good control over the quality of the product. If farm operators can raise their revenue function by owning processing facilities and if this is a function of size, then integration should be included as an economy associated with size (Farris, J 1961 p.1224-1225).

Fairs believes creating economies of scale allows one to purchase cheaper inputs. In addition, being part of the next step of agricultural processing it allows one to gain a foothold in the market as the cost of production is low. In other words, it increases the farm's competitiveness, and allows the farmer to sell more volume, increasing his revenue. Leading beneficiaries of economies of scale may be able to hold sway over local producers in terms of the quality of their product as well.

These three producers have demonstrated that collective action and capacity building measures can be used as a blueprint for poverty alleviation in Armenia, especially considering the difficulties expressed by subsistence farmers. Access to new markets is needed for farmers so they can capture the new demand and receive more income from the sale of their products. All three see the benefit of scale from the needed land to produce, to the ownership of facilities, to providing inputs as a quality control

measure. It is the hope of the diversification in products that is needed to enable one to exit the trap as mentioned previously in Sardaryan's interviews.

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Effectiveness of Accountability Structures at the World Bank

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Abstract

The following research article begins with an outline of relevant accountability structures currently in place for the World Bank Group. Following the brief introduction of each institution, the article will highlight a singular case study for the Power Project III in Uganda. This case study will highlight how each accountability structure handles complaints and reviews of World Bank Group projects. The grievance mechanisms will then be measured for effectiveness against Guiding Principle 31 of the Guiding Principles in Business and Human Rights. After this measurement, this paper will discuss how improvements that the World Bank Group could make to have more effective accountability organizations.

Keywords: World Bank, accountability, Guiding Principle 31, Uganda

The World Bank Group: An Introduction.

International financial institutions, such as the World Bank, play a key role in country development. The difficult task makes them vulnerable to criticism based on project performance. To mitigate these responses, accountability institutions were put into place and continue to serve the stakeholders of World Bank Group projects. Accountability in itself is very broad and has numerous definitions. For the purpose of this paper, accountability is defined as: “a relationship between an actor and a forum in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences” (Bovens, 2007, p. 447). The actor in this case is the World Bank Group management team facilitating the project along with the World Bank Group as a whole. The forum include all stakeholders of the World Bank Group project from government actors in the borrowing country to indigenous people at the project location. Accountability institutions enable the relationship between the actor and the forum in which the forum can pose questions and the actor can justify its conduct.

The existence of the accountability organizations at the World Bank Group do not necessarily mean that they are effective in fostering the relationship defined above. Grievance mechanisms, as the United Nations has identified these accountability institutions, have a specific criteria that makes them effective. Guiding Principle 31 of the Guiding Principles in Business and Human Rights, concludes that an open dialogue and engagement

with the grievance is complemented by: (1) legitimacy, (2) accessibility, (3) predictability, (4) equitability, (5) transparency, (6) rights-compatibility, (7) and a source for continuous learning (Office of the High Commissioner, 2011, p. 34). These eight principles, allow for the forum to share their grievances to the actor, but only work when the eight principles highlighted are working. To summarize above, an accountability institution is effective when a stakeholder knows and trusts the institutions and procedures in place to obtain information about the investigation into their grievance. The forum also trusts the institutions to uphold the remedies necessary for international human rights that have been violated, while also reporting those violations and remedies to the actor to mitigate future grievances. (Office of the High Commissioner, 2011, p. 33)

The following research will begin with a brief introduction to two accountability institutions that accept grievances for the World Bank Group. A brief discussion on the affirmative policies and criticisms surrounding the World Bank Group projects to exemplify why the accountability intuitions are a necessary mediator. Finally a case study will be analyzed to address whether the three accountability institutions are effective as outlined by the seven aspects of the United Nations Guiding Principles on Business and Human Rights Principles.

Accountability Structures

The Inspection Panel (TIP). The Inspection Panel acts as an accountability measure for people and communities who believe they have been or will be affected by a World Bank Group funded project. The Panel is composed of three members, from three different member countries, and was established by the World Bank Group Board and executive directors in 1993. The panel has an investigative arm, subject to Board approval, that

determines if noncompliance has occurred with a specific World Bank policy. Two or more individuals are needed to file a complaint, and all findings/recommendations are turned back over to World Bank Group management and published for public consumption (The Inspection Panel, 2017).

The Compliance Advisor Ombudsman (CAO). The CAO was created in 1999, to offer an alternative to address complaints. The CAO conducts dispute resolution tactics, compliance reviews, and advisory services for individuals harmed by the World Bank Group supported projects. To be eligible for this accountability measure, there must be traceable harm by a World Bank Group project that causes social or environmental harm. The goal of the dispute resolution process is two find a voluntary and mutually satisfactory solution between both parties through open dialogue and negotiation. The CAO also goes a step beyond that of the Inspection Panel by monitoring the implementation of any agreed upon changes. Recommendations and findings are presented to the World Bank management, and as with the Inspection Panel, these documents are all published for public review (Compliance Advisor Ombudsman, 2016). Beyond the investigative and dispute resolutions arms of the CAO, the final CAO function of advising, evolves out of lessons learned from a dispute resolution case or a compliance case. The advisory function works to bring operational or systematic improvements to the World Bank Group social and environmental performance. The advice given is not project-specific and will be integrated into World Bank Group policy to be further monitored and evaluated by the CAO (Compliance Advisor Ombudsman, 2016).

The Independent Evaluation Group (IEG). The IEG evaluates the development effectiveness of the World Bank Group in its entirety. The IEG outlines their goals in their annual report, and suggest that evaluations on projects are conducted both

upon completion and mid-course, to help the World Bank Group achieve its goal of eradicating poverty. The case study below will focus on the project-level evaluations, prompted by World Bank management (Independent Evaluation Group, 2016). These evaluations are similar to that of the Inspection Panel and look at overall performance of the bank and borrowing country in both project effectiveness and compliance with standard policies and procedures.

Research Methodology

The World Bank Group is a complex organization with various parts that address grievances and hold the organization accountable. The lines between these two are blurred often and why it is necessary to find a way to identify what accountability is and how that organization uses grievances as a way to be effective at holding the World Bank Group accountable.

This research began with a look at what scholars and civil societies had previously written about the World Bank Group policies and procedures. I felt it necessary to look at as many positives and negatives highlighted by these individuals and the World Bank Group Management, to understand why accountability at this organization is necessary. After this understand I was able to lump the literature into three different sections, all of which provide some insight into the conversations surrounding the World Bank Group.

With a brief overview of the World Bank Group investigated, I turned away from the World Bank Group as a whole, and focused instead on what projects they conducted. I knew that to look at accountability, I needed to see the grievance process work. Therefore, I searched the sights of accountability struc-

tures looking for a case study. I knew I needed a case study that had the same letter through the three accountability structures I was focused on. The first two, the Inspection Panel and the CAO, both had cases you could search for. Through the search I was able to find the same case, Uganda Power Project, with the same letter being filed in both. The same complaint at each organization was a perfect way to see how each organization dealt with the same information. I was also able to find this same case at another accountability organization the IEG. Although this does not take grievances from the public, the IEG holds World Bank management accountable to their own project self-evaluations. I wanted to make sure to also have this perspective to understand how exactly World Bank Group management identifies their work, and how an outside source can use the same information to make sure the management can justify their self-ratings.

Working backwards still, I now need both a definition of the term accountability, and a way to measure whether the three organizations were successful in holding the World Bank Group accountable in the Uganda Power Project. First I began with the definition. I needed a way to define the word accountable while also taking into account the complexity of the organization and its relationships with their stakeholders. I could not just use a synonym for the term such as being responsible, because this simplifies the relationship too much. This is how I landed on a working definition of the term that focused on the complexity between actor and stakeholder. My working definition became “a relationship between an actor and a forum in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences” (Bovens, 2001, p.447). The key word is relationship. I wanted to make sure to show the complex re-

relationship that the World Bank group has and will always have with accountability structures.

With this accountability definition, I then looked at how to measure the CAO and TIP for effectiveness. This led me to find the UN Guiding Principle on Business and Human Rights. I acknowledge that comparing the World Bank Group to a business is difficult because of its complexity, but Principle 31 allows for grievance mechanisms to be measured in a simplified yet thorough way. I began my analysis and evaluated the case in terms of the accountability organization. I labeled each standard as effective, partially effective, or ineffective. After measuring each I looked at the holes within the analysis and discuss how those holes could be fixed in the future with new adaptations by the World Bank Group policies.

Case Study Findings: Power Project in Uganda

Introduction to “The Project”

To begin, it is important to note that the third power project and the Bujagali Falls projects are two separately financed projects conducted by the Ugandan government. The financing was provided by the World Bank Group, and therefore accountability structures are needed to make sure that the relationship and open dialogue between the actor and stakeholder forum are upheld. To understand if these accountability institutions are effective, it is necessary to look at how the grievances filed by stakeholders were handled by each of the three accountability institutions.

Power reform in Uganda occurred through a series of power facility construction along the White Nile River near the Jinja province. The first of the series of projects, and the major focus of this research, is Power Project III, beginning in 1991, also

known as the Owen Falls Extension. The goal of this project was to continue reform in the power sector and expanding the distribution system for power to reach more rural areas of the growing population. In 2001, the Supplemental Credit was issued to assist with cost--overruns from the Owen Falls Extension. Power IV Project also began in 2001, and continued construction on the existing Owen Falls Extension to expand energy reach. Finally, White Nile river, the Bujagali Falls Hydroelectric Power Plant was financed to further help Uganda obtain their electricity goals. The power plant's objective included reducing short-term power shortages and facilitation of more long-term electricity services in the future (Inspection Panel, 2001, p. 2). From here on out, these projects will be referred to collectively, as the grievance filed by stakeholders pertained to each of these power projects along the White Nile River.

The Complaint

The complaint in which all three accountability institutions received and/or reviewed was launched by the National Association of Professional Environmentalists (NAPE) and the Save Bujagali Crusade in June of 2001. The complaint raised particular issues involving: the lack of disclosure and consultation, a lack of environmental impact assessment, a lack of compensation and resettlement of people effected, the spiritual significant of the Bujagali Falls, the management of the river diversion caused by this project, and finally issues involving the World Commission on Dams. Overall, the major issues raised by the complaints addressed social, environmental, and economic harm caused by the project.

CAO Analysis

Figure 1 below, addresses the six out of seven principles outlined by the UN Guiding Principle 31 discussed above. The

first principle involved the area of legitimacy. This means that there is a trust that the relationship between the actor and the forum can provide a fair process throughout the grievance process (UN Guiding Principles, 2011, p. 33). Because the complainants felt the need to send their grievances to both TIP and the CAO, a partial effectiveness rating is given. In terms of this complaint, the CAO was accessible for NAPE and the Save Bujagali Crusade, and therefore receives an affirmative for effectiveness in accessibility. In terms of predictability, the CAO process is outlined on their website indicating a timeline of procedures and deadlines for an investigation and ombudsman process. Therefore, this will also receive a “yes” in terms of being effective. Equality is the next principle necessary for an effective grievance mechanism. The equality of information is given as all documents are published for public consumption. This means that the stakeholders have access to the assessment done by the CAO and World Bank Group management responses to that assessment. The information sharing allows the CAO to receive a “yes” under effectiveness of equitability. The equitability is shared closely with the idea of transparency throughout the CAO assessment process. This too receives an affirmative, due to the same reasoning as above.

Rights-compatibility is the first area in which the CAO is given a firm negative rating. The CAO in its foundation has an issue addressing any rights related issues, because it assess World Bank Group policies and procedures in violation not harm caused by project implementation. This is a fundamental issue within the assessment done by the CAO, and power given to the CAO as an accountability institution. To exemplify this issue, the assessment report published by the CAO regarding the complaint, notes that in:

regard to the moving of spirits, whilst the IFC may be satisfied what the Cultural Properties Management Plan complies with IFC safeguard policies, the traditional understanding and practice of ‘moving spirits’ has its own deeper cultural [and spiritual] dimensions which remain an issue (Compliance Advisor Ombudsman, 2001, p. 6).

The CAO identifies that there is a grievance involving the spiritual significance of the project land, not addressed by the policies of the World Bank Group. That being said, there is no discussion whether the lack of observance of these policies violates Article 18 of the Universal Declaration of Human Rights enabling an individual to “manifest his religion or belief in teaching, practice, worship or observance” (UN, p.72). Without this discussion, it is impossible to say that the CAO can ensure remediation for human rights harm and violations. Another example includes the resettlement process. The CAO has identified that the resettlement process does bring present an issue involving the project. Unfortunately, at the time the complaint was made the World Bank Group did not have a direct financial interest in the project, meaning there were no policies or procedures preventing the removal of individuals from project land. This means that although the project is clearly violating Article 17 of the Universal Declaration of Human Rights stating that “no one shall be arbitrarily deprived of his property”, the CAO is unable to do more (UN, p. 72). Human rights issues were addressed by the CAO but failed to provide accountability to the World Bank due to the lack of policies and procedures being violated. This makes the CAO ineffective in terms of right-compatibility. Finally, the continuous learning stage involves identifying places where improvement of the CAO can occur. Instead of address the rights-compatibility issues above, the CAO only recommended

that the Ombudsman was no longer able to help with this issue, and the case should instead turn over to the Inspection Panel. This results in the ineffective rating for continuous learning. Overall in terms of effectiveness, the CAO is therefore given a partial effective rating. The CAO is able to take complaints and act as an accountability organization ready to foster the relationship between the forum and the actor. But when the grievance mechanisms need to do more than provide information about issues occurring, the CAO struggles to identify areas outside of World Bank Group policies and procedures.

Figure 1. UN Principle 31 Analysis Summary

Principle	CAO	TIP
Legitimate	Partially Effective	Effective
Accessible	Effective	Effective
Predictable	Effective	Effective
Equitable	Effective	Effective
Transparent	Effective	Effective
Rights-Compatible	Ineffective	Partially Effective
Continuous Learning	Ineffective	Ineffective
Overall Rating	Partially Ineffective	Partially Ineffective

TIP Analysis

Not long after the complaint was lodged to the CAO, the same complaint was sent to TIP. By October 2001, TIP found that the request was eligible for investigation. Legitimacy is given a yes on effectiveness due to trust the stakeholders felt in submitting this request. TIP further legitimized its standard as a grievance intuitions through its investigation which included field visits and interviews with effected stakeholders. Therefore

TIP is given a yes on effectiveness as an accountability institution. Next is accessibility, which also receives an affirmative. The request filed included various requesters that all found it to be an acceptable. The predictability is effective due to a similar reason the CAO is effective in this category. The process of which grievances are made and requesters can expect is outlined on their website. Documentation is also provided about when future steps are to commence. Equitability is given a “yes” for effectiveness due to this same reason. The information given is publicized and also gives an effective rating to that of transparency.

Overall TIP’s findings on policies and procedures that the World Bank Group violated with this project were numerous. TIP found that the economic viability was overestimated, the impact of the project was not fully assessed, and a further social assessment was also not conducted. TIP conducted a more thorough investigation and did address human rights issues within the World Bank Group project that involved resettlement. TIP concluded the World Bank Group did not consult affected communities and failed to provide adequate compensation for the loss and resettlement. In addition TIP also identified the spiritual significance of the land was not addressed and instead the group was marginalized by the resettlement efforts. This makes TIP partially effective when addressing human rights issues within the World Bank Group project. TIP investigations are policy and procedure founded but do a more thorough job of addressing harms caused to the indigenous people. Finally in the area of continuous learning, TIP fails to be effective because World Bank Group Management fails to respond to outlined problems. This makes the continuous learning process almost impossible, because as an intermediary, the Inspection Panel has no way of

changing how grievances and subsequent investigations are handled by management.

Discussion

The various power projects in Uganda demonstrate that the World Bank Group does have appropriate accountability measures in which projects can be evaluated. Unfortunately, as in the case of the power projects of Uganda, the World Bank Group reaction to criticism is trivial. Without a critical response to the Inspection Panel investigation findings, projects continue to impose on the human rights of Ugandans and other World Bank Group projects. Despite the noble goals of the World Bank Group, the global economic impact of World Bank Group policies is negative. The policies have not been created in a malicious way, but are misguided and impact troubled economies in a negative manner. A certain amount of hypocrisy occurs when the World Bank Group places value on transparency, accountability, and development, but allows complaints such as the ones made in Uganda to remain trivial in the parent organization.

The World Bank Group exhibits reluctance to adhere to the human rights principles and examine potential harms of the projects. This is where the underlying issue of this case study are. Although the Inspection Panel and CAO are functioning effectively to a certain degree, the most prevalent issue, of rights-adherence is violated. Therefore, stricter policies and procedures are necessary for World Bank Group management to hold themselves accountable to are needed. This leads to an interesting to look at the Independent Evaluation Group that also looked at the project above. The IEG report notes the complaints filed and investigations made by the CAO and Inspection. It further assesses the

Bank’s own self-evaluation process and aims at recommending lessons for future projects. This is not a grievance mechanism but is still capable of fostering the relationship between the actor and forum in order to hold the World Bank Group accountable. The seven principles above fit for accountable organizations looking at grievance complaints and therefore were not included in the analysis above. Instead, the IEG makes a comparison to how the World Bank Group believes they are functioning and how the independent evaluation team believes the project performance was. Results can be seen in Figure 2 below.

Figure 2. ICR vs. IEG Evaluation

Principal Ratings			
	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Satisfactory	Moderately Unsatisfactory	Unsatisfactory
Institutional Development Impact**	Modest	Negligible	—
Risk to Development Outcome	—	—	Significant
Sustainability***	Likely	Unlikely	—
Bank Performance	Satisfactory	Unsatisfactory	Unsatisfactory
Borrower Performance	Satisfactory	Unsatisfactory	Moderately Unsatisfactory

The ICR is a self-evaluation done by World Bank Group management in charge of the project. As seen in figure 2, this is an essential element to the World Bank Group being held accountable to their action. The internal evaluation mechanism deemed both the project outcome and their performance as Satisfactory (Independent Evaluation Group, 2008). This is in stark contradiction to that of the ICR Review done by the IEG that found that the outcome was moderately satisfactory and bank performance was unsatisfactory. This shows that the IEG is functioning effectively as an accountability organization. It has identified that the actor has had failures in performance, and asks

them to justify their actions through the ICR. As these do not align, the recommendations are sent to World Bank Group management for further strategizing and remediation. The lessons learned category of the IEG report is one of the most important ways that the IEG holds the World Bank Group accountable (Independent Evaluation Group, 2008). They are able to open a discussion with World Bank Group Management and push for different results than the CAO or TIP are able to.

It is troubling to see that the Bank staff believe that their performance is satisfactory when the entire outcome of the project was deemed by the IEG to be unsatisfactory (Independent Evaluation Group, 2008). What could the World Bank Group do better to make the staff realize that the outcome of the project has not been achieved before an IEG report occurs? It also brings into question how many ICR reports were taken without an IEG report and deemed to be a satisfactory outcome to the project? On the other hand, it also solidifies that the IEG is completing an assessment that can contradict what the World Bank Group may be thinking. This can reassure people that the accountability and transparency of the IEG is working and effective. Additionally the ICR Review* portion that is listed in the table above is completed by an intermediate IEGWB that verifies the finding of the ICR. This is then replaced by the PPAR completed at the end of the project by the IEG (Independent Evaluation Group, 2008). The various performance evaluations ensure that a project is being looked at from all perspectives, but policy and procedures lack when these steps are not taken for all the projects the World Bank Group finances.

It is with the implementation of right-based policy standards, that the World Bank Group would be better at rating both themselves, and the project influence. Making the policies right-centric would also enable the accountability organizations currently

in place to look at grievances from a different perspective. This perspective, is what the world Bank Group needs to become effective in the continuous learning portion of the summary as well. When polices and procedures are violated, TIP, the CAO, and even the IEG can give more explicit causes of harm by the World Bank projects and understand the grievance filed better. This will allow for the mistakes and violations not to occur in the future.

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Citizenship, Gender, and Human Rights Approaches to Human Security



Cultural Differences in Conflict Management Strategies

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Abstract

According fundamental dimensions distinguished by Hofstede, both Lithuania and Poland score relatively high in terms of individualism. However these countries' cultures differ in terms of power distance, uncertainty avoidance, and masculinity-femininity. Lithuania constitutes a culture low in masculinity-femininity dimension, moderate in power distance, high in uncertainty avoidance. Poland represents a culture characterized by high power distance and high masculinity, and very high uncertainty avoidance. Empirical studies were carried out among the Lithuanian (N=257) and Polish (N= 263) youth. In order to examine conflict management strategy preference a Conflict Resolution

Style Questionnaire (CRSQ) was used. Conflict style comparisons demonstrated that Lithuanians chose dominating and accommodating styles more than Polish did, and Polish chose the integrating more than Lithuanians. The current research corroborates the general conclusion that culture has an important influence on the way people deal with social conflict. It is valuable to understand how culture influences the way individuals manage conflict. Findings can be a valuable source in predicting conflict resolution patterns and promoting better communication in global collaboration. Understanding the ways that adolescents attempt to manage social conflicts is also important to identifying ways to enhance conflict management.

Keywords: conflict management strategies, cultural dimensions, Polish, Lithuanian

Introduction

The present study aims to compare the conflict resolution style preferences of Lithuanians and Poles. For this study, we based our research on the findings of the empirical studies outlined below. In the literature together with personality trait and situation variables *cultural background* is labelled as one of the underlying factor influencing the ways of handling interpersonal conflicts (e.g., Leung, Brew, Zhang & Zhang, 2011; Oetzel & Ting-Toomey, 2003; Oudenhoven, Mechelse & de Dreu, 1998). As Oberg (2006, p. 144) has described it “people have a way of accepting their culture as both the best and the only way of doing things.” Individuals learn the norms and scripts for appropriate and effective conflict conduct in their immediate cultural environment (Oetzel & Ting-Toomey, 2003). Culture can be viewed

as a gravitational force that brings the regions of a nation together, into a shared cultural space, and keeps them apart from the regions of other nations that share different cultural spaces (Minkov & Hofstede, 2014, p. 148).

According to Hofstede (2001), national cultures may be distinguished along four fundamental dimensions: masculinity-femininity, individualism- collectivism, power distance, and uncertainty avoidance. Among the cultural factors that may strongly affect the way people attempt to manage conflicts are the values they seek to achieve and expectations regarding the efficacy of various tactics in achieving the values (Ohbuchi, Fukushima & Tedeshi, 1999). Variations in conflict management as a function of country can be understood in terms of the cultural dimensions on which these countries vary (Oudenhoven et al., 1998; Soeters, 1996).

The *masculinity-femininity* dimension refers to social roles associated with gender (Oudenhoven et al., 1998). Masculinity reflects orientation on success and achievement. It is associated with assertiveness, aggression, exhibition (Tsai & Chi, 2009). Femininity refers to the role of caring, concern for the environment, modesty, intuition, and emotions (Oudenhoven et al., 1998, p. 441), is associated with harmony, helpfulness, and humility (Tsai and Chi, 2009). In masculine countries, differences between male and female role patterns are outspoken, whereas the sex role differentiations is much weaker in feminine cultures (Oudenhoven et al., 1998).

The assumptions that individuals from higher masculine nations use less collaborating, compromising, and accommodating than individuals from feminine nations were tested in the study of Oudenhoven, Mechelse and de Dreu (1998). In accordance to the prediction Danish and Dutch managers (high in feminin-

ity) reported more *problem solving* behaviour than the Belgian and British (moderate in masculinity) managers. And contrary, British (the most masculine nation among studied) were most assertive (*dominating*). The results also revealed that individuals from moderate masculine countries (managers from Belgium and Spain) tended to *avoid* conflict interaction more than the other countries (lower and higher in masculinity).

The *uncertainty avoidance* dimension refers to the individual's need for security; relates to the level of anxiety in a society when confronted with unknown, strange situations (Soeters, 1996, p. 238). Javidan and House (2001) refer to it as the extent to which its members seek orderliness, consistency, structure, formalized procedures and laws to cover situations in their daily lives (cited in Tsai and Chi, 2009). In cultures high in uncertainty avoidance people stick to routines, do not easily change jobs, and are reluctant to absorb new ideas. Daily life is strongly regulated by formal as well as informal prescriptions. A large degree of uncertainty avoidance leads to a rather strong rule orientation (laws and regulations) and intolerance toward differences (Soeters, 1996, p. 238). In cultures characterised by low uncertainty avoidance people tend to accept life as it comes, they get more easily engaged in new situations, and different religions or political views may coexist rather peacefully (Oudenhoven et al., 1998, p. 442).

In cultures with low uncertainty avoidance, individuals consider social conflict to be natural and inherent to daily life, and they tend to believe that social conflict can be approached constructively. In contrast, individuals in cultures with high uncertainty avoidance, tend to consider conflict as undesirable, feeling compelled to avoid it as much as possible. This assumption was re-examined by the study of Oudenhoven et al. (1998). Contrary to these predictions, however, data revealed that managers

from high uncertainty avoidance cultures were more problem solving oriented in conflicts than managers from low uncertainty avoidance countries. To explain this findings researchers argued, “Perhaps the very need to avoid uncertainty may have led to the implementation of procedures for handling conflict. If there are clear procedures for how to handle conflicts, it may be easier to approach conflict in an open way, so that in uncertainty avoidance cultures, problem solving approaches may also be common.” The results also revealed that managers from countries moderate in uncertainty avoidance reported more assertiveness and empathising than managers from other countries.

The *individualism-collectivism* dimension reflects the strength of the links between the individual and all kinds of groups. Individualistic orientation reflects weak ties as individualists focus on their own interests, and individual success is considered a source of well-being. Collectivists give priority to group goals more than personal goals in decision-making (Ohbuchi et al., 1999), reflects orientation on loyalty of group members (Oudenhoven et al., 1998), emphasis on relatedness and the need of others (Tsai & Chi, 2009).

It has been frequently indicated that *competing* and *collaborating* styles are more favoured by members of individualistic cultures. On the contrary, *accommodating* and *avoiding* are more favoured by members of collectivistic cultures. For instance, the study of Oetzel (1995), where Japanese and American group discussants were compared, claimed that members of individualistic culture (Americans) tended to engage in more competitive strategies when dealing with conflict situations during group discussion (cited in Sauquet and Bonet, 2003). Similarly, American students (N-264), participants of Ohbuchi and colleagues study (1999), endorsed assertion more strongly than Japanese ones (N-207). Along the same lines, Kim-Jo and colleagues (2010) found

that European Americans (N-121) undergraduate students compared to Koreans sample (N-261) reported significantly greater use of competing style and less accommodating style.

Cultural comparisons on the avoiding style have yielded inconclusive results. For example, the study of Kim-Jo et al. (2010) revealed that Koreans and European Americans did not differ in their use of avoiding. Thus, Ohbuchi and colleagues (1999) revealed that collectivists (Japanese) indicated a strong preference for avoiding, whereas individualists (Americans) Japanese participants used avoidance relatively more strongly than did the American participants.

The *power distance* dimension refers to human inequality (Oudenhoven et al., 1998). In cultures high in power distance, hierarchical relations between groups or between individuals drastically influence social cognitions and behaviour. Cultures low in power distance are characterised by an ongoing search for equality. The power distance dimension reflects the value of dominance and control of the less powerful by the more powerful (Tsai & Chi, 2009).

Oudenhoven and colleagues (1998) found that managers from countries with a culture characterised by low power distance (Denmark) exhibited stronger preferences for open and cooperative communication than managers from countries with high power distance (Belgium) with respect to hierarchical conflicts. Thus, cultures low in power distance tend to more *problem solving* in their conflict behaviour towards their superiors than managers from cultures high in power distance (Oudenhoven et al., 1998).

We therefore formulate the following hypotheses: the *masculinity-femininity* dimension leads to the prediction that Lithuanians would be more concern for other than individuals from

Poland. Lithuanians as representatives of higher feminine nation would show more accommodating in conflict than Poles from more masculine nation (Hypothesis 1). According to *uncertainty avoidance* dimension, individuals from Lithuania (a culture characterized by lower uncertainty avoidance score) exhibit stronger preferences for open discussion of conflicts than individuals from Poland (country scored higher in uncertainty avoidance). Polish would tend to avoid conflict more frequent (Hypothesis 2). Based on the *power distance* theoretical framework and previous research, we hypothesize that Lithuanians would prefer competing conflict management strategy to a higher degree than Poles (Hypothesis 3).

Both similarities and differences can be established when comparing the national cultures of Lithuania and Poland. The data (Hofstede, 2001; Huettinger, 2008) clearly indicated that both cultures favor *individualism* – both score moderate-high (60). On the 76 countries list both countries places 23-26 together with Luxembourg and Estonia (Huettinger, 2008, p. 369). Both countries represent a culture characterised by moderate *power distance*. However, Lithuanians score low-moderate (42), Polish score high-to-moderate (68). Lithuania ranks on the country list of 76 countries in place 60. Thus, Polish culture presents a greater acceptance of the hierarchical differences than does Lithuanian culture.

The scores indicate differences in two of the four dimensions. Furthermore, both have been united within one nation for many decades. Cultures of Lithuania and Poland differ primarily in terms of *masculinity-femininity*. Lithuania scores very low in masculinity. In Hofstede's country list, it places at the last place in ranking sharing rank 70-71 with Slovenia. However, Poland scores moderately for masculinity (64). The masculinity dimension would indicate that in Polish culture there is a small-

er degree of attention toward the maintenance of interpersonal relations as part of a more generalized orientation toward the quality of life (Sauquet & Bonet, 2003). In terms of *uncertainty avoidance* Lithuania scores moderately (65), Poland scores very high (93). The high score for Poland suggests less tolerance of ambiguity and less inclination to change, which is associated with less favourable attitudes toward dissent. These differences are striking since these two countries are neighbouring.

Methodology

Polish and Lithuanian translations of Thomas-Kilmann Conflict Mode Instrument (TKI) were applied. This research tool encompasses thirty pairs of statements which characterise behaviour in a conflict situation. It consists of five scales which correspond to five styles for responding to conflict situations: collaborating (working with a partner to pursue concerns of both parties), compromising (striving for finding an expedient, mutually acceptable solution that partially satisfies both parties), competing/aggression (striving for resolving a conflict at the other person's expense), avoiding (withdrawing from a conflict without justifying one's own reasons), accommodating/ submitting (reconstruction of one's own views due to collaboration with a partner). The statements which belong to the particular styles are matched in pairs so that each of the styles is compared with each of the remaining styles three times. Pairs are selected in such a way so that both statements are equally judged in terms of the social approval, which is intended to eliminate its influence on the choices made by respondents.

In the instructions, the subject is asked to choose this statement from the pair which describes his or her reactions in a

conflict situation in the best way. This tool, compared to other similar measures, is fairly reliable. The mean Cronbach's α coefficient is 0,60, whereas the reliability of the test repeatability is between 0,61 and 0,68 for different scales. The questionnaire also shows satisfactory correlations with other measures of conflict resolving styles, which indicates its relevance. Other empirical proofs of the method relevance are described by the authors in the article on its construction (Kilmann & Thomas, 1977).

Participants

Our empirical research was carried out on a group of 263 lower secondary school students from Poland and 257 lower secondary school students from Lithuania. In the group of students from Poland, 138 girls and 125 boys were researched, while in the group from Lithuania, 131 girls and 126 boys. They were adolescents aged 13 to 15 (the average age for Polish youth was $M=14,36$, $SD = 0,75$, for Lithuanian youth $M = 13,95$, $SD = 0.79$).

The research was conducted in groups at schools and participation in it was voluntary. Students signed questionnaires with their nicknames or initials. Before filling in the questionnaire, the respondents were instructed precisely what to do. Young people had an opportunity to ask questions in unclear situations. It should be emphasised that the young people responded positively to the research, showed interest in it and willingly answered the questions from the questionnaire.

Findings

A comparison of mean scores according to questionnaire scales, which was made by means of a one-factor analysis of ANOVA variance (statistics F), will make it possible to answer the question whether there are gender differences in strategies for coping with a social conflict situation by young people from Poland and Lithuania. The comparative analysis results are presented in Table 1.

Table 1. Mean (M), standard deviations (SD) and significance of differences (F) in strategies for coping with a social conflict situation for young people from Poland and Lithuania with regard to sex

TKI Scales	Girls from Poland (N=138)		Boys from Poland (N=125)		Girls from Lithuania (N=131)		Boys from Lithuania (N=126)		F	p
	M	SD	M	SD	M	SD	M	SD		
	Competing	5,42	3,00	6,40	2,75	6,36	2,95	6,86		
Avoiding	4,93	2,48	4,59	2,35	4,58	2,26	4,91	2,18	0,90	n.i.
Accommodating	6,26	2,54	5,82	2,49	6,79	2,49	6,41	2,08	3,50	0,02
Compromise	6,83	2,08	6,58	2,08	6,66	2,04	6,38	2,04	1,06	n.i.
Collaboration	6,51	2,17	6,44	2,07	5,70	1,98	5,40	1,88	9,62	0,000003

Key: p-statistical significance, n.i.-insignificant

The analysis of the average results level in individual strategies for coping with a social conflict situation showed diversity

in their values in relation to groups of young people from Polish and Lithuania which were compared with regard to sex. A considerable diversity of average results occurred in the three coping strategies, i.e. competing, accommodating and collaboration. The analysis of variance (F), which shows the significance of intergroup differences, is the highest for the collaboration (F=9,62), competing (F=6,04), and accommodating (F=3,50) strategies respectively. The differences are statistically significant at levels definitely lower than the generally accepted level of significance $p \leq 0,05$. Moreover, on the basis of the comparative analysis, we can notice no significant differences ($p > 0,05$) in the average results of girls and boys from Poland and Lithuania which were obtained in the scope of avoiding and compromising strategies. This implies a similar level of avoiding and compromising reactions which are used by girls and boys from Poland and Lithuania in response to an interpersonal conflict.

This condition implies the need for detailed research of the differences found. A specialised method, the so-called Tukey's RIR test (it is included in the computer data analysis package called 'Statistica') was applied. The effects are presented in Table 2.

Table 2. Tukey’s RIR test results of comparing differences between the arithmetic means of scores on TKI questionnaire scales of the respondents from Poland and Lithuania with regard to sex

SRK Scales	Sub-jects	Girls from Poland (G.PI)	Boys from Poland (B.PI)	Girls from Lithuania (G.L)	Boys from Lithuania (B.L)	Group differences
Competing	G.PI		0,03	0,04	0,0002	G.PI<B.PI, G.PI<G.Lt,
	B.PI	0,03		0,999	0,58	G.PI <B.Lt
	G.Lt	0,03	0,999		0,49	B.PI>G.PI
	B.Lt	0,0002	0,58	0,49		G.Lt>G.PI B.Lt>G.PI
Accommodating	G.PI		0,46	0,28	0,96	n.i.
	B.PI	0,46		0,008	0,21	B.PI<G.Lt
	G.Lt	0,28	0,008		0,60	G.Lt>B.PI
	B.Lt	0,96	0,21	0,60		n.i.
Collaboration	G.PI		0,99	0,005	0,00005	G.PI.>G.Lt, G.PI>B.Lt
	B.PI	0,99		0,02	0,0003	B.PI.>G.Lt, B.PI>B.Lt
	G.Lt	0,005	0,02		0,64	G.Lt<G.PI, G.Lt<B.PI
	B.Lt	0,00005	0,0003	0,64		B.Lt<G.PI, B.Lt<B.PI

Key: p-statistical significance, n.i.-insignificant

The results of the analyses indicate that the mean level of the competing strategy is differentiated depending on the Polish and Lithuanian respondents’ gender. Boys from Poland (M=6,40), girls from Lithuania (M=6,36), and boys from Lithuania (M=6,86) show a higher mean level of the competing strat-

egy compared to girls from Poland (M=5,42). Diversification of the results also occurred in the range of the accommodating strategy. The analysis of variance showed a higher mean level of the accommodating strategy in girls from Lithuania (M=6,79) compared to boys from Poland (M=5,82). Moreover, we can notice a higher mean level of the collaboration strategy for girls from Poland (M=6,51) and boys from Poland (M=6,44) compared to girls from Lithuania (M=5,70) and boys from Lithuania (M=5,40).

The analysis of the research results, which were presented in Table 1 and Table 2, showed that collaboration strategies occurring in a social conflict situation are more frequent among girls from Poland, whereas competing and accommodating strategies are more frequent among girls from Lithuania. The moment divergences of aspirations occur; boys from Poland more often overcome them through competing and collaborating strategies, whereas boys from Lithuania respond by using the competing strategy more often.

Discussion

Cultural differences may have serious consequences in the domain of conflict management (Oudenhoven et al., 1998). Literature clearly suggests that cultural orientations affect conflict management styles. Tsai and Chi (2009) summarized this as follows. First, power distance is correlated with the tendency of employing dominating or accommodating approach since people's mindset toward social status identity or equality between people behaves differently. Second, uncertainty avoidance is mostly related to the tendency of employing collaborating approach or avoiding approach otherwise, since the willingness to

pursue a better possibility or to stay put avoiding worsening the status quo governs, respectively. Third, collectivism enhances the tendency of employing collaborating and accommodating approaches while individualism betters the employment of dominating and avoiding approaches simply due to their emphases on relatedness or self-fulfilment, respectively. Fourthly, masculinity uplifts the employment of dominating and collaborating approaches while femininity is associated with avoiding and accommodating approaches, because of their different concerns on achievement and harmony, respectively.

The purpose of the present research was to investigate cultural differences in preferences for conflict management strategies of Lithuanians and Polish. Lithuania constitutes a culture moderate in power distance, uncertainty avoidance and individualism – collectivism dimensions, low in masculinity-femininity dimension. Poland represents a culture characterised by moderate power distance, individualism and masculinity, and very high uncertainty avoidance.

We expected a higher degree of competing from Polish and a higher degree of accommodating from Lithuanians because of differences of masculine and power distance orientations. Consequently, based on uncertainty avoidance theoretical framework and previous research, we hypothesize that Polish would tend to avoid conflict more frequently. Finally, collaborating was not expected to be different between Lithuanians and Polish. Hypotheses were supported only partly. It seems that the effect of masculinity and uncertainty avoidance orientations is reduced by power distance and individualistic orientations. The analysis of variance showed a higher mean level of the accommodating strategy only in girls from Lithuania; and a higher mean level of the collaborating strategy in girls from Poland.

Literature review leads to prediction that individualism–collectivism dimension is considered to be the most important cultural dimension in accounting for cultural differences. This dimension is labelled as one of the key cultural variables. However, the research did not support this prediction. In line with this prediction conflict style preferences should not differ in Lithuania and Poland as both countries score similarly (moderate-to-high) in individualism dimension. Contrary, the current research corroborates the general conclusion in line with Oudenhoven et al., (1998) expanding research on the role of individualism–collectivism in social conflict. Researchers argued that power distance and masculinity–femininity are also important cultural dimensions in explaining dispute resolution.

Similarly, Soeters (1996) pointed out the importance of cultural mixture. It is interesting to note, that Soeter provided illustration that underlined the validity of Hofstede’s description of the “explosive cultural mixture“ in the former Yugoslavia. According to researcher, “violent“ cultural combination can be recognized as culture high power distance and in collectivism and in uncertainty avoidance.

Contrary to most research on culture and conflict, the current conclusions are based on data from adolescents rather than undergraduate students and middle-managers. Adolescence is an important stage in every person’s life because it is considered a transitional period between childhood and adulthood. At that time there are many biological and psychological changes, including social attitudes, which results in young people having many problems with adapting their behaviours to new situations, tasks, and social roles (Czerwińska-Jasiewicz, 2003). Due to the intensified formation of one’s own image and the development of the critical assessment of the surrounding reality, new forms of social interactions and directness in behaviour, young people

aged 13-15 seem to be a good subject for exploring strategies for coping with a social conflict situation.

The ability to cope with a social conflict situation by boys from Poland and Lithuania shows a destructive character in the form of competing behaviours. It is not aimed at resolving or overcoming a conflict. The goal that the boys initially established for themselves was replaced by another one – to achieve a state of well-being. The results presented here are to a large extent consistent with some data in literature, which indicate a higher tendency for boys' aggressive behaviours (e.g. Wolińska, 2013). There were attempts at explaining higher boys' overall aggression by making references to the social role model. From the perspective of socialization expectations that are posed before boys, they are required to be determined and cope with the most difficult situations, however, their severity and strength are also accepted (Ranschburg, 1993). Due to their strength they achieve what they want and thus they solve many problems and achieve their goals. Therefore, aggressive coping with situations by boys from Poland and Lithuania may finally lead to conflicts with other people, which as a consequence does not contribute to the reduction of tension, but on the contrary, it results in its intensification.

Emerging conflicts that entail differences of opinion, questions about prevailing social norms and practices, or power imbalances can impel participants to question, critically evaluate, and alter educational situations that impede intellectual and social development. That is, through addressing conflicts constructively, students may deepen their understandings and capacity to enact democratic values such as equality and solidarity, by engaging with what these values actually mean and how they can be implemented and challenged in practical situations. They

may also learn to better formulate their opinions and to express them respectfully (Hakvoort & Olsson, 2015).

The study extended the understanding of conflict behaviour in Lithuania and Poland and provided a valuable comparison of conflict management style preferences in the countries. The study shows that Lithuanians and Polish prefer different conflict styles in interpersonal communication. Lithuanians chose dominating and accommodating styles more than Polish do, and Polish chose the integrating more than Lithuanians. The findings highlight the influence of culture on conflict behaviour.

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The Legal and Institutional Framework of Human Rights in the Unrecognized Artsakh Republic

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Abstract

The Artsakh Republic has developed its own legislative and executive power, including legal and institutional structures that are aimed at the protection of human rights. Under international law the de jure authorities of the region are to ensure the protection of human rights. However, having no leverages over the de facto authorities they exhibit little political will to deliver on their responsibility. As a result no internationally recognized state is able to exercise jurisdiction over the given geographical entity. The created legal vacuum leads to a situation where people find their rights not protected. The main reason behind the deficien-

cy is the lack of will from the de facto authority to effectively administer human rights and democratic freedoms, motivated by regime security interests. Moreover, as the disputed territory lacks international recognition, it is legally unable to ratify the human rights conventions and adopt international human rights protection mechanisms. Consequently, due to the uncertain legal status of the Artsakh Republic, as well as the ongoing war against Azerbaijan, victims of human rights violations have limited access to justice and protection of their fundamental rights. The paper aims to study the legal and institutional frameworks that cover human rights in the unrecognized Artsakh Republic, as well as the human rights condition in a broader sense. The author seeks to identify the ways in which the conflict impedes the realization of fundamental rights of the people living in the disputed region.

Key words: human rights, unrecognized states, Artsakh Republic, limitations of basic freedoms, protection mechanisms

Introduction

The 1994 ceasefire ended the fighting between ethnic Armenian and Azerbaijani forces, but left Nagorno-Karabakh's status unresolved. Since 1991, when the entity declared its independence from the Soviet Union, no internationally recognized state, even Armenia, has recognized its sovereignty and *de jure* it still belongs to Azerbaijan. The independence of the entity has only been recognised by a number of self-declared breakaway regions, namely Abkhazia, South Ossetia, Transnistria and several US states, among them California, Massachusetts, Louisiana etc. Artsakh Republic is considered by the UN to be part of

Azerbaijan, but is under the control of ethnic Armenians. Thus, in fact, Azerbaijan exercises no real control over the disputed region (Racz, 2016). The unrecognized republic's Constitution states that until the restoration of territorial integrity of Artsakh Republic and clarification of borders power is exercised in the territory which is de facto under the jurisdiction of Artsakh Republic.

The question of jurisdiction in many ways directly affects both the human rights situation in the Republic and the existing possible means to protect them. Most importantly the state is unable to join international or regional treaties that protect human rights and fundamental freedoms. Moreover, it lacks consultative assistance of the Council of Europe or any other international organization that prioritizes the protection of fundamental freedoms. However, rights and freedoms provided in the Nagorno Karabakh Republic comply with the Universal Declaration of Human Rights and other international norms. On the other hand, in order to preserve state's self-defence capabilities, in some instances the de facto authorities are forced to implement several human rights restrictions some of which will be discussed in this article.

The Artsakh Republic is a sovereign, democratic *de facto* state based on social justice and the rule of law. Countries that seek the values of democracy as final goals do realize that fundamental human rights and freedoms serve as a legal and lawful base for a civilized dialogue. Only the multilateral recognition of those rights and freedoms and their protection can serve as a ground for the solution of the existing conflict. Despite the ongoing war the de facto authorities still try to build a democratic state where the individual and his/her rights and freedoms are at the core of the activities of all branches in the judicial system and government.

Institutional framework

Since its independence, in line with its efforts to gain international recognition, Artsakh Republic has been quite successful in setting up its own institutional framework largely similar to those of recognised states, including the necessary legal frameworks covering the protection of human rights.

An integral part of the institutional framework covering human rights is the Ombudsman's office. Officially named the Human Rights Defender of the Republic of Nagorno Karabakh it was established in accordance with the NKR Constitution and the law of Nagorno Karabakh Republic on the Human Rights Defender. After a decade of independence, back in the beginning of 2000s, the idea of establishing Human Rights Defender's institution as a state law-enforcement body emerged. First a corresponding legal field was created and then the Defender was appointed. The Defender supports the improvement of the NKR Law on Human and Civil Rights, deals with written and oral applications of citizens concerning violations, provides daily legal consultations, promotes legal education with issues on human rights and freedom, develops international networks for the cooperation in the field of human rights. In accordance with the law, the Ombudsman's office yearly publishes reports of its activities, providing detailed statistics on the numbers and types of cases it has dealt with throughout the year. Judging from the numbers provided, the people in Artsakh are actively using the institute to ensure that their rights are protected.¹

¹ During the year of 2013 the Defender received more than 300 complaints.

Legal framework

Artsakh Republic constitutionally provides a wide range of human rights to its citizens. The constitution of Artsakh Republic (adopted in 2006, amended in 2017) under 2nd chapter dedicates 57 articles to the detailed description of fundamental human and civil rights and freedoms respected in the Republic, and additional 5 articles under 3rd chapter provide social and economic guarantees to the citizens of Artsakh. Those provisions, among many others, include the right to life, freedom of speech, assembly, religion, beliefs, general equality before the law, prohibition of discrimination etc. Thus, Artsakh Republic has created solid *de jure* guarantees for its citizens to enjoy basic freedoms and rights.

An interesting observation made during the research is that many of the constitutional provision are typical of a state in conflict. For example the state is obligated to provide a special care for the disabled freedom fighters, and the families of the martyred freedom fighters and this obligation has been envisaged on a constitutional level (Constitution of the Artsakh Republic, Article 85, 2017).

Speaking of Artsakh's legislation, it is important to draw attention to the similarities it bears to that of Armenia. Artsakh's Constitution holds many similarities to the Constitution of RA and in some cases simply mirrors it. For example, the 22 articles of the 1st chapter on the fundamentals of the constitutional order were introduced to Artsakh's amended Constitution in 2017 with the exact same wording and same consequence that can be found in RA Constitution. The legal regulations are not designed taking into account the existing reality of Artsakh. They do not depict the real image. Hence, most of the legal reforms are not

demand driven and consequently sometimes result in coherence problems.

In many instances laws affecting human rights in NKR are sometimes inconsistent with the provisions of the Constitution, or with each other. It should be fair to outline the important role the Ombudsman plays in this respect via detecting and amending those errors. In 2011 he submitted a report on “the results of comparative analysis of some provisions related to human rights of NKR Criminal, Civil and Administrative Procedure Codes from the viewpoint of correspondence of NKR Constitution and other laws” based on the complaints that his office received (NKR Human Rights Defender Annual Report, 2011).

Freedom of movement

Several objective factors also hinder the ability of population to exercise several key human rights provided by the legislation. Freedom of movement is seriously hindered due to the geopolitical and geographical isolation. Artsakh can only be accessed via Armenia by road since Azerbaijan has repeatedly threatened to shoot down any civilian airplanes that would attempt to land in the only existing airport of the capital (RFE/RL “Azerbaijan Threatens To Shoot Down Karabakh Planes”, March 16, 2011).

The landmines laid during the war still make travel and agricultural activities in certain regions extremely dangerous. Karabakh has the highest rate of mine-related accidents in the world and can be compared to the rate of Afghanistan. According to the International Committee of the Red Cross, at least 50,000 mines were laid during the war. A third of the landmine and ordnance explosion accident victims are children (HALO Trust, official website). The de facto authorities lack both the skills and

the resources to conduct efficient demining operations, thus a UK registered humanitarian mine clearance organization, Halo Trust, which is world's largest in this regard, has taken up the responsibility.

Holding a citizenship of an internationally unrecognized state of course creates a barrier to border-crossing and travel in general. The NKR passport is not legally recognized by the international community and it is used only within the borders of the state, as well as in other unrecognized entities. For the purpose of travel, Nagorno Karabakh residents mostly hold an Armenian passport with a serial number tied to Karabakh residence into which Western embassies rarely stamp visas. Thus Karabakh people register in Armenia in order to obtain regular passports and travel more easily.

Freedom of speech

The freedom of speech and the right of getting information in the Nagorno Karabakh Republic are guaranteed by the legislation (the NKR Law "On Mass Media", 1999). Although the law presupposes limitations, in particular censorship in the state emergency, war and martial law, no censorship of Mass Media has been carried out in the NKR since 1997. Some journalists though practice self-censorship when covering issues related to the peace process. According to the Freedom House the government controls many of Nagorno Karabakh's media outlets and the public television station has no local competitors (Freedom House Report, Nagorno Karabakh, 2016).

Freedom of conscience and religion

The Constitution of the unrecognized entity requires all citizens to take part in defence and has no provision for an alternative non-military service. In doing so, the Republic rejects international standards that allow conscientious objectors the dignity of performing alternative civilian service. A conscientious objector is an individual who has claimed the right to refuse to perform military service on grounds of freedom of thought, conscience or religion. However, the conflict makes military service a sensitive issue for the de facto authorities. The regime security interests dismiss the possibility of allowing other forms of service in the near future. Consequently, all the individuals refusing military service on grounds of conscience are detained, imprisoned and sentenced. In a broader sense such legal regulation violates the freedom of religion and conscience, creating a contradiction between the declared support for those freedoms and the existing legal framework.

Additionally, Artsakh has adopted the criminal code of the Republic of Armenia, which foresees imprisonment for the young men who evade from military or alternative service call-up, training exercise or mobilization in conditions of martial law, in war conditions or during military actions, without any order defined by legislation as grounds for exemption. Inasmuch as legislation of Nagorno Karabakh does not consider conscientious objection as a ground for exemption, those people have been prosecuted and imprisoned.² Other objectors who agree

2 List of all of Jehovah's Witnesses imprisoned for their faith in Nagorno-Karabakh as of July 2016 provided by the official website of Jehovah's Witnesses

to take up the service without swearing the oath and without bearing arms have been beaten up and maltreated in the military units (Corley, 2008).

Even the human rights defender of Artsakh Republic Yuri Hayrapetyan back in 2012 justified those detentions claiming he cannot take any actions. The main explanation was that no one can refuse a military service when Nagorno Karabakh is still in a military situation. Given the absence of a final peace agreement the authorities cannot allow young men other forms of service than the compulsory two-year military service and thus have imprisoned previous objectors. Suggesting no alternative non-military service is restrictive towards the people whose religion or ideology rejects taking up arms, killing people or on the whole the concept of military service.

On the other hand, the national and international law permit limitations of human rights and fundamental freedoms in some cases. International Covenant on Civil and Political Rights allows states to impose restrictions on enjoyment of certain rights given to its citizens in the state of emergency that would threaten the survival of the country, upon formal announcement of the crisis.

On a local level according to the Law “On the Freedom of Conscience and Religious Organizations of the NKR” the freedom of conscience is limited only when it poses danger to the state and social security, order, health and morality of the citizens, rights and freedoms of the other members of the society. Thus, in such circumstance several restrictions implemented by the de facto authorities seem quite lawful, logical and justifiable forasmuch as they are aimed at the protection of the most basic of human rights: the unalienable right to life.

Conclusion

Taking into account the above-mentioned following conclusions can be drawn. The unresolved status of Artsakh Republic results in a situation where no internationally recognized, UN member state exercises jurisdiction over the geographical entity. The created legal vacuum affects the human rights situation and its protection mechanisms. The Artsakh Republic has been quite successful in developing its own normative and institutional frameworks aimed at the protection of human rights. Those frameworks in many ways comply with the international norms. However, while *de jure* the respect for key human rights is guaranteed by the Constitution and the legislation in general, regime security interests often restrict them. Consequently, human rights derogation victims have limited access to justice.

The key reasons are the underdeveloped mechanisms and tools for the legal protection of key human rights, incoherence of the legal system, absence of consultative assistance, exchange of experience and effective, constant engagement with international or interstate organization that focus on human rights issues. Last but not the least the lack of will of the *de facto* authorities to effectively administer justice results in the created situation.

At this point, independent legal experts have a highly significant role to play. In this regards it is important to outline the value of Human Rights Defender office. The effectiveness of the Ombudsman institution in its legislation improvement targeted activities is acknowledged by the population that actively uses the services of the Human Rights Defender office.

Recommendations

- To avoid merely formal, decorative nature of legal acts the de facto authorities should elaborate tailor-made, individual legislation that would better reflect and deal with the existing reality, as well as establish mechanisms that will ensure the realization of *de jure* guaranteed rights.

- The potential of civil society organisations and independent legal experts should be used more actively forasmuch as they are able to monitor the human rights situation and engage representative of similar international non-governmental organisations, provide necessary legal assistance to the people whose rights have been violated, assist the law making and reform processes in general.

- The Artsakh authorities as well as CSO representatives should seek to establish closer ties with several international organizations and non-state actors to receive their consultative assistance and exchange experience in human rights related issues merely. It can be clearly stated that those links do not envisage any recognition or political purpose. It is an alternative effective way of further pushing the human rights forward in countries that have little access to the outer world.

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The Concept of Citizenship and its Development Trends: A Comparative Legal Analysis

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Abstract

The institution of citizenship, which is the most important defining element of the person's Constitutional-legal status, is considered each state's political and legal system's indivisible component. It comes from ancient times and continues to develop the most difficult path on which several internal and external factors affected a lot. Along with human development, we encounter such categories of people as migrants, immigrants, refugees, stateless and others. Therefore, it is necessary to clearly distinguish rights and obligations between citizens and the people mentioned above. In this paper the author makes a comparative legal analysis of the concept of citizenship and its trends

based on the Anglo-American legal system and the law codes of some of European countries, comparing it with the legislation of the Republic of Armenia. The article also discloses the principles of acquiring citizenship and the provision on dual citizenship (multiple citizenship) as well.

Key words: Citizenship, comparatively legal, principle of land, principle of blood, naturalization, acquisition of citizenship, dual citizenship.

Introduction

The person as a social being in every society has his or her own place that depends on the extent of his rights and obligations. Between the state and the person's relationship system we can separate a few legal status of a person: stateless person, foreigner and the person who has got citizenship. Concomitant in globalization there also appear the person's another status: refugees, migrants, immigrants, the person who has got multi citizenship (double citizenship) and etc. Currently the concept of "European citizen" is very often used. Therefore, it is necessary to show a person's relationship in the aspect of rights and obligations by thoroughly analyzing the concept of citizenship.

According to legal dictionary "citizen is a person who by place of birth, nationality of one or both parents or by going through the naturalization process has sworn loyalty to nation" (*Burton, 2007*). In the same place the explanation of the term citizenship as the legal link between an individual and a state or territory as a result of which the individual is entitled to certain protection, rights and privileges and subject to certain obligations and allegiance (*Collins, 2006*).

The person's constitutional legal status includes citizen's affiliation to the state by citizenship. It is expressed by some rights, freedoms and obligations of citizens. Under the concept of citizenship in the modern literature it should be understood stable, sustained legal connection between the person and the state, which summarizes the mutual rights and obligations.

The legal and conceptual frameworks of citizenship examined here is a lengthy developmental history. In antic Greece full Athenian citizens could be the children who were born from Athenians and who were a resident of *polis* (in Greek πόλις – city- state, Athens civil Society) (Крашенинникова, Жидкова 1998). *Polis* in Latin “*civitas*” means citizen, that's why in Antic Greece the concept of citizen and person's citizenship were the same and which is not accepted currently. (Крашенинникова, Жидкова 1998).

The most important institute was the institute of “obedience” in the period of feudalism, which meant a personal loyalty to the monarch and bondage of him. Contemporary the usage of “obedient” is used by some European monarchies as a continuation of traditions which is equal with the concept of citizenship. In Spain ([Spain](#), 1992), Belgium (Belgium, 2007) and in Netherlands the word “obedience” was changed into “citizenship” both in the Constitution and in the relevant legislation.

In British and American legal systems the word nationality is often used as a synonym of citizenship (Votruba, Martin). In the United Kingdom nationality means the legal relationship between a person and a state. According to the British Nationality Act 1981, it is no longer possible to acquire British citizenship by the only reason of being born in the United Kingdom. Since 1 January 1983, a child will become a British citizen if one of his/

her parents is a British citizen or is settled in the United Kingdom (W.J. Stewart, 2006).

In the XXI century the most important precondition is to have a citizenship due to that the person will have all rights, privileges and the protection of his interests inside the country and outside the territories as well. The institute of citizenship can be described with some significant aspects,

The **legal line between the person and the state** regards the extent to which the state recognizes the individual as its citizen and connects that relationship by law. Each country shows different approaches, but the main approach is basic and important elements of citizenship which are written in the constitution and special comments are written in the relevant legislation. For example Egypt Constitution states that Egyptian Nationality is defined by law (Egypt, 2014). The Constitution of Portugal declares that “all persons are Portuguese citizens who are regarded as such by law or under international convention” (Portugal, 1976). In the Republic of Armenia the concept of citizenship is written by the Constitution (Armenia, 2015) and law (On citizenship, 2017).

The institution of citizenship written in the constitution is also defined by the **conditions and procedures** of citizenship acquisition. The international practice and existing legislations about citizenship have a few procedures for acquisition of citizenship. There are two main principles to have citizenship: the first by birth and the second by naturalization.

Acquisition of citizenship by birth does not depend on a person’s expression of will; it is acquired automatically according to the existing legislations. It is realized in two ways: the principle of blood and the principle of soil.

The principle of blood or *jus sanguinis* (Latin: law relating to blood) by which citizenship is not determined by place of birth but by having one or both parents who are citizens of the state. Children may automatically be citizens from birth if their parents have state citizenship (Oxford, 2017). In the Constitution of Estonia is written that every child with one parent who is an Estonian citizen should have the right of Estonian citizenship by birth (Estonia, 2007). The principle of blood is typical in those states, where the living conditions and the social-political situation aren't favorable for a person's future development and as a result the majority of population abandons it. This principle helps the states to maintain its population (Armenia, Azerbaijan, Kazakhstan and etc.).

The principle of soil or *jus soli* (Latin: law relating to the soil of one's country) is commonly referred to as birthright citizenship, which is the right of anyone born in the territory of a state to citizenship. As an unconditional basis for citizenship, it is the predominant rule in the America, but is rarely possible elsewhere (Rotunda, Ronald D., 2010).

Currently the majority of states show a mixed approach in that question, as a result *jus sanguinis* is combined with *jus soil*. This approach is basically fixed in the Anglo-American legal system (Арбузкин А.М., 2004). For example, a French child born in the United States is an American citizen by *jus soli*, but a French citizen by *jus sanguinis*. His effective citizenship will depend upon the jurisdiction within which he happens to be in; in the United States he is a US citizen; in France, a Frenchman; in any other country he is both. Conflicts resulting from the simultaneous presence of these contrasting claims of allegiance are generally settled between states by deferring *jus sanguinis* to *jus soli* when the state asserting its primary claim of allegiance has de facto jurisdiction of the individual connected with

that question. Most jurisdictions (including the United Kingdom and the United States) now adopt within their nationality law a combination of *jus soli* and *jus sanguinis*.

Acquisition of citizenship by naturalization depends on the will of the individual who in fact inhabits in that country and who wants to have citizenship of that country. Namely naturalization is the legal act or process by which a non-citizen of a country may acquire citizenship of that country. It may be done by a statute without any effort or it may involve an application and approval by legal authorities. Usually these types of applications are given refugees, stateless people, immigrants and etc. These types of questions are under the jurisdiction of special agencies. In Belgium only Parliament can decide the question of the acquisition of citizenship by naturalization. In the USA only court can decide and in Armenia this jurisdiction is put on the president of RA (The law of Republic of Armenian “On Citizenship”, article 26).

Accordingly, the allowed and free nature of citizenship is expressed in the fact that:

1. Each person has the right of citizenship, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction will be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it is independent, trust, non-self-governing or under any other limitation of sovereignty.
2. There is a simplified procedure for obtaining citizenship.
3. The citizen has a right to change his citizenship.
4. It is prohibited to be deprived of citizenship.

5. It is aimed to reduce the number of people who don't have citizenship.

The next important aspect of citizenship is **relational stability between the state and the individual**, which is expressed in that relationship in a permanent nature. As a rule this relationship begins from the moment of birth and ends with the person's death. But at the same time we should not forget about some exceptions, such as the refusal of citizenship, its loss or change and etc. It should be noted that the halt of the citizenship can be implemented by renunciation of citizenship by the loss of the citizenship. The first one is voluntary loss of citizenship while the loss of the citizenship is non-voluntary loss.

- **Renunciation of citizenship.** This act of relinquishing one's citizenship is the opposite of naturalization. This isn't a declarative statement; therefore it is necessary that the interested person inform about it to the competent authority, which is a legal process

- **The loss of the citizenship.** The loss of the citizenship also refers to the loss of nationality, which is the reason of ceasing the citizenship from a country without his will. It is a blanket term covering both involuntary loss of citizenship such as through denaturalization, as well as voluntary renunciation of citizenship.

The loss of the citizenship can be in that time when the person accepts other country's citizenship where there isn't allowed the institute of double or multi citizenship. Once a country allows citizenship, it may or may not consider a voluntary renunciation of that citizenship to be valid. In the case of naturalization, some countries require applicants for naturalization to renounce their former citizenship. In this case the USA's practice is very interesting. The chief of United States Justice John Rutledge ruled "a

man may, at the same time, enjoy the rights of citizenship under two governments” (Legal Information Institute), but the United States of America requires applicants for naturalization to swear to an oath renouncing all prior “allegiance and fidelity” to any other nation or sovereignty as part of the naturalization ceremony (A Guide to naturalization). However, some countries do not recognize one of its citizen’s renouncing. The UK recognizes the renunciation of citizenship only if it is done with competent UK authorities (Crown, 2017). Therefore British citizens naturalized in the USA remain British citizens in the eyes of the British government even after they renounce British allegiance to the satisfaction of the USA authorities (R. Hansen, P. Weil, 2002).

The institute of multi or double citizenship is greater adaptability in the 21st century, but it has unresolved problems inside. Many countries with difficulty control people who have double or multi citizenship. Some countries refuse it, for example China, India, Denmark affirmed by law, if the citizen of these countries has citizenship of other country at the same time, it means the loss of citizenship of his or her first country (КПЗС, 2004, КГЕ, 2001).

One of the most effective ways to resolve the problems with double or multi citizenship is the sealing of international agreements. Since 2005 the institute of double citizenship was added in the Constitution of Republic of Armenia, but only in 2008 all necessary jobs and fealty were made in the RA Law “On Citizenship” following the constitutional reforms. At the current time the citizens of Armenia have a lot of problems with multi citizenship, because the government does not have some international agreements with foreign countries about multi or double citizenship. The Republic of Armenia doesn’t have international agreement with Russian Federation about double or multi citizenship. If a citizen of Armenia wants to have Russian citi-

zenship at the same time he or she must renounce Armenian citizenship to adopt Russian citizenship after that he/she can only give all the necessary documents to have Armenian citizenship as well (Russia, 1993). What I think is not right is the increase of level bureaucracy and it is also a violation of human right as an evidence of humans' dissatisfaction, a long term documentary circulation (*Я. А. Янкина, 2015*) and etc.

There are a few elements to describe the institute of citizenship, for example mutual rights, obligations and responsibilities arising between individual and states, the granting of national passport from state as evidence of citizenship and etc. These elements are continuation of the most important elements: Legal line and stability of relations of the citizenship between the state and the individual.

Conclusion

Thereby the institute of citizenship is as old as new and it constantly improves the legal category. The individual as a social being always develops dynamically. The institute of citizenship is subjected to external and internal barriers changing some properties keeping one important element, it is that every citizen has equal rights and opportunities, without any kinds of discrimination, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. The next important element is the establishment of stable, long-term relationship for the provision of citizenship by the state, not forgetting the immigrants' and non-citizens' to enable the rights for having citizenship. The practice of customary international law and the relevant legislation takes appropriate measures in each state in booking and implementation of the individuals' rights, freedoms protection.

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Global Conflict and Irregular Warfare in the 21st Century

The Peculiarities of the Islamic Revolutionary Guards Corps' Involvement in the Syrian Conflict: its Strategy, Methods and Interests

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Abstract

The geopolitical, military and economic turmoil in Syria for the past several years has led to an unparalleled humanitarian crisis, which makes addressing this conflict ever more urgent. Nonetheless, one of the major obstacles for resolving it continues to be the lack of a detailed examination and analysis of all of the parties involved. This paper identifies and analyses the peculiarities of one of the least studied parties' involvement in the Syrian conflict – the Islamic Revolutionary Guards Corps (IRGC) Quds Force.

Keywords: Syria, Iran, Assad, IRGC, conflict

Introduction

The geopolitical, military and economic turmoil in Syria for the past several years has led to an unparalleled humanitarian crisis, which makes addressing this conflict ever more urgent. While the main parties to the conflict remain unchanged, with each passing year, more and more groups and proxies seem to get engaged in the fighting.

The direct involvement of the Islamic Revolutionary Guard Corps (IRGC) in Syria is neither comprehensively explored nor consistently understood. Iranian involvement in the conflict is mainly associated with the Iran-backed Shia militant groups such as Hezbollah. Yet, the IRGC has strong presence in Syria and provides intelligence, training, financial and logistical support for organizing the battles against the rebels, as well as advises the current government of Syria on military matters.

This analysis further aims to identify and assess the geopolitical agenda of the IRGC Qods Force regarding Syria, examine the pragmatic methods used by the IRGC and their correlation to the Islamic, revolutionary ideology and rhetoric. Furthermore, the article analyzes the complex interests of the IRGC (and thus, by extension also Islamic Republic of Iran) in the ongoing armed conflict by assessing the level of importance of these interests for the IRGC.

Understanding IRGC and the Qods Force

The constitution of the Islamic Republic of Iran (IRI) states that the Islamic Revolutionary Guards' Corps was created shortly after the revolution (the Qods force - during the Iran-Iraq war) and it continues to function to preserve the republic.

The IRGC is a division of the Iranian Army, which is to “protect the Islamic revolution” (Constitution of IRI, 1979). The Qods Force – an elite unit of the IRGC – has the responsibility of doing so on extraterritorial grounds. Qods (Persian - بيت المقدس or simply قدس) is translated to “the Holy land”, which refers to Jerusalem. Taking a look at the name of both IRGC and the Qods Force, it can be implied that the Islamic Revolutionary Guards' Corps has Islamic and revolutionary motives. However, even though this assumption is displayed in the military officers' rhetoric, the current situation in Syria questions the religiously pure and peaceful image of the Corps. A close examination of the strategy of the IRGC in the Middle East shows that its policies are predominantly guided by pragmatism and realpolitik, rather than merely spreading Islamic or revolutionary ideology.

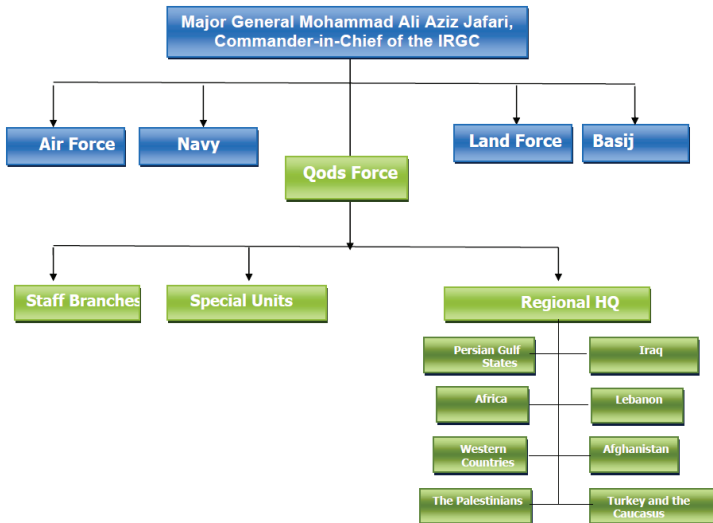
Initially, the IRGC's foreign policy agenda was to export the Islamic Revolution, especially to the Muslim countries of Middle East. This is why from the very beginning the Corps was branded as pan-Islamist, rather than a nationalist organization (Ostovar, 2016). Yet today the aims of the Corps have transformed into a more realistic aspiration - making Iran a regional superpower to be reckoned with (Nader, 2010).

The fear from such a possibility led the West to enforcing a number of strict sanctions on the Guard Corps. After being called a “terrorist-supporting” organization by the United States, the IRGC members were put under EU sanctions in August 2011.

The Qods Force was accused of “supporting the Assad regime, which used chemical weapons against its own people”. These sanctions were later on made stricter – ultimately leading to the 2017 sanctions by the Trump administration. This has made IRGC one of the most sanctioned organizations in the world, even though it hasn’t been designated a terrorist organization.

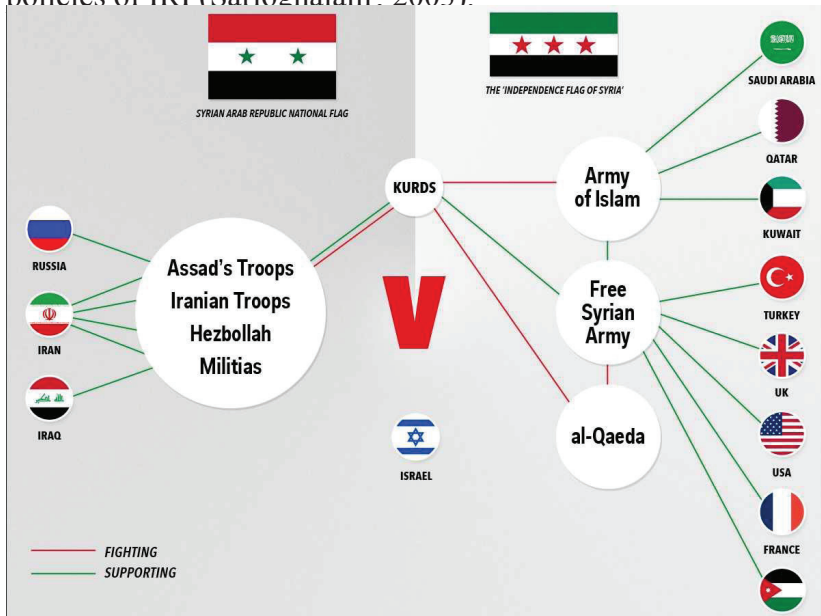
The Power Structure within the IRGC

The Article 150 of the constitution of IRI states that the authorities and responsibilities of the armed forces of Iran are determined by negotiations between IRGC and other sections of the Iranian Army (Constitution of IRI 1979). The IRGC itself consists of 5 divisions: The ground force, the marine force, the air force, the Basij force (mostly volunteer teenagers and young men) and the Qods force. The two latter are involved in the Syrian conflict the most.



As such, the IRGC does not officially determine the foreign policy of the IRI, however, it has so much leverage over the governmental bodies which do so that it's able to push its desired agenda forward without serious impediments. Ultimately, the IRGC has enough leverage and power to influence and shape the foreign policy of Iran when it comes to Middle East and North Africa. Qassem Soleimani, the commander of the Qods Force, an influential and battle-hardened military officer, who is the most important decision-maker in the Middle East when it comes to the Shia militias, is also an advisor to the supreme leader of Iran Ali Khamenei. This position gives him extra power and influence over shaping the foreign policy of IRI.

Since 2008 the Guar's Corps has been in charge of the Persian Gulf. This also gave more authority and economic leverage to the commanders of the Qods force in determining the foreign policies of IRI (Sarioghalam, 2003).



The Syrian government, supported by Iran, has no religious motives. Yet the rebels fighting on the other side are either Islamists or have strongly religious agendas. If Islamism was absolute in IRGC's policies, the Qods Force would be supporting the rebels, who are fighting for an Islamic revolution, rather than the regime, which is a rather secular government. Yet, the rebels are mainly Sunni Muslims, while IRGC is Shia. This brings us to the conclusion that supporting the Assad regime is a pragmatically calculated decision by Iranian officials for achieving religious dominance in the region.

Present, but “Not Militarily”

Since Syria has been the most loyal and constant strategic ally of the IRI since the Islamic revolution, Iran cannot afford to lose the friendly Alawite leadership – Assad – to Sunni rebels backed by the West. On this ground, the IRI extends extensive support to the Assad regime through different channels.

The policy of the IRI in regards to Syria and the Middle East in general is a unique combination of soft and hard powers. While the clerics play soft power politics by spreading anti-western sentiments, Islamic ideology and stressing the righteousness of Shiism; “the soldiers of the revolution” – the members of the IRGC – ensure the hard power component and military presence of Iran in the region. The Iranian government officials, however, have not officially confirmed the presence of Iranian soldiers on the ground in Syria.

Back in 2012, in an interview published and soon deleted from the Iranian Students' News Agency – ISNA – webpage, the deputy commander of the Qods force had confirmed the physical (military) and non-physical (advisory) presence of the IRGC

in Syria. He had mentioned that if the Iranians were not there to help by all means, the death tolls would have been much higher. This was the first time ever that an IRGC official confirmed that Iranians are present in Syria.

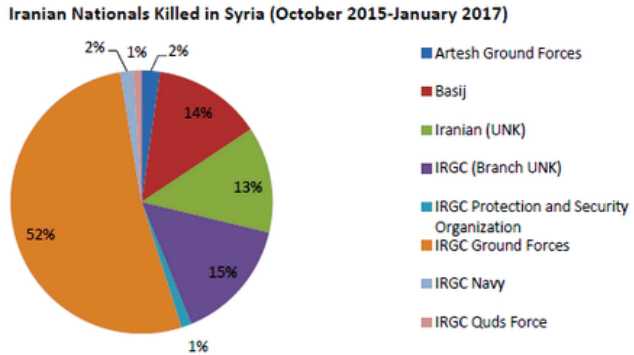
The confusion over IRGC Qods Force's presence on ground also stemmed from the contradicting statements by other government officials, who sent mixed signals by confirming the IRGC's "presence" but not "military presence" in Syria. However, currently it is evident that Iran is stretching its military muscles by expanding the presence of the Qods force on the ground.

In 2012 a video was published by the Syrian rebels, which showed Iranian IRGC soldiers fighting in northern Aleppo. This video was later on examined by BBC and other news agencies and confirmed that scenes are not staged.

The official statement on involvement in Syrian conflict by the commander of IRGC forces is as follows: *"The Qods Force was created to defend the Muslim nations which cannot fight for themselves. It has previously sent forces to Muslim countries to protect them when they were being suppressed, and recently some forces were sent to Lebanon and to Syria, but these do not qualify as 'military presence' of IRGC. What we offer to the Syrian army is financial support, military counsel and training. This is done to strengthen the existing Axis of Resistance"* (Asr e Iran News Agency, September 2012).

Conversely, there's growing evidence (such as IRGC combatants being killed on the frontline (ABNA news agency, September 2016) suggesting that Iran uses Syria as a battleground to train its military officers, especially the voluntary Basij Forces. Despite of the evidence, the IRGC officials continue to call these soldiers "advisors". Nonetheless, the massive number of IRGC-backed Shia militias fighting in the battles suggest that the IRGC

not only participates but also leads combatants on ground in Syria.



This does not mean, however, that IRGC officers do not actually advise or give counsel to the Syrian government. On the contrary, Qassem Soleimani has made a few appearances with Syrian officials in Aleppo (TOUMAJ A., September 7, 2016), indicating that the Assad regime appreciates the military experience and battle-hardened counsel of the IRGC officers.

The methods of assistance to the Assad regime are numerous:

- Humanitarian (food, medications, free oil and gas)
- Advisory, logistical and military (training Syrian soldiers, delivering arms and sending combatants),
- Financial (governmental loans, huge amount of money poured into the IRGC budget to pay the salaries of the Basij fighters),
- Reconstructing infrastructures, ruined buildings, etc.

In January 2017 Iran and Syria signed an agreement on major cooperation in the field of telecommunications. An Iranian mobile network is to operate in Syria. The IRGC, which vastly

controls the telecommunications in Iran, is said to be the biggest beneficiary of this agreement. This agreement has been seen as a reward for the Qods Force.

The IRGC Qods force has 13 military bases in Syria, but mainly operates in Damascus, in a command center near the airport called the “Glass building”. Other military bases are stationed in Aleppo, Hama and Latakia.

Geopolitical Significance

The huge amount of money, manpower and resources go to Syria and to supporting the Assad regime since Syria is significant for Iran due to several factors:

- Syria borders Israel, which Iranian officials call “the occupied territories”. The name of the Qods force already implies that it was created to liberate the Holy Land – Beyt ol Moghaddas (same as Ghods)– from Zionist “occupants”. It is interesting that even by fighting in Syria the IRGC soldiers believe that this is a challenge “true Islam” is facing in preserving its righteousness and in ultimately liberating the Holy Land. In an interview to BBC, a military officer of the Qods force confesses that he did not come to Syria to die, he came to fight. His hopes were that he will “die and become a martyr in the final battle with the Zionists”.

- Syria also plays a crucial role as a connecting point between the members of the “Axis of Resistance” – an alliance of Shia Muslims of Iraq, Syria and Lebanon (Hezbollah - an Iranian proxy), under Iranian leadership – created to not only counter western and Sunni influence in the region, but also to intimidate Israel. It is vital for

Tehran to make sure that whoever is in power in Syria, continues to act as a bridge between Iran and Hezbollah.

- IRGC soldiers are being trained and hardened on the battlefield in Syria. Moreover, the Lebanese Hezbollah has extended and added more power thanks to the conflict. Many, including Iranian officials and scholars, believe that without the Syrian regime, Hezbollah will not stand a chance at survival.

- The rebels, who are supported by the West and the Sunni Arab states, are challenging the single loyal ally of IRI since the Islamic Revolution, which was the only country that extended support and arms delivery to Iran during the Iran-Iraq war.

Even though Tehran is strongly supporting Assad, neither the IRGC nor government officials take an “Assad or nothing” stance. The support for Assad is not personalized. This support could go to any Alwite or pro-Shia leadership.

In general, it’s important to keep in mind a nuance about Iranian politics. The IRI doesn’t have absolute foreign policies. Even Islam and Shiism are not unconditional principles. Iranians possess a high sense of honor and ambition. As long as the policies are not dishonorable to their national identity and as long as a partnership leads to a stronger Iranian posture in the region, Tehran would not mind supporting another candidate. Nevertheless, the current turmoil in Syria and lack of candidates make this “shift of support” highly unlikely.

Conclusion

Either “militarily”, or not, the IRGC is present and engaged in Syria, and that presence is steadily increasing. The Guards’ Corps aims to increase Iranian influence in the Middle East to the extent of turning it into an unchallenged regional superpower. Having realized this, the geopolitical imperatives drive western countries deeper into the armed conflict. The current developments in the Middle East lead us to believe that whatever the outcome, the status quo will be changed.

In a favorable scenario for the IRGC, the Assad regime will stay in power, thus, consequently increasing Iranian influence in region. The IRGC is already quite established in the Middle East and has strengthened its presence in not only the military and governmental levels, but also the infrastructure of the countries. In case of this scenario, Assad will be in debt of Iran for the inarguable assistance he has received for staying in power. This, clearly, will increase the already high level of influence the IRGC has in Syria, and it will change the balance of power in the Middle East.

If Assad is overthrown, it’s highly unlikely that the new leadership of the country will be friendly towards Iran. Instead, Syria will align itself with the western and Sunni Arab countries, thus, again, changing the already established balance of power in the region.

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The Role of Volunteers and Mercenaries in Nagorno-Karabakh war in 1990s.

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Abstract

The Nagorno Karabakh war in South Caucasus broke out in the early '90s of the twentieth century alongside with the collapse of USSR, which brought independence to its former republics and provoked numerous conflicts. The conflict is remarkable for several reasons. Firstly, in order to preserve shards of the disintegrated empire in the early 1990s, Soviet leaders provided military support to the Republic of Azerbaijan against its rebellious territory Nagorno Karabakh (Volkhonsky, Muhanov, 2006; Melik-Shakhnazarov, 2009). This resulted in a prolonged period of Azerbaijani national forces' development after the withdrawal of Soviet troops. In search of support, Azerbaijan hired former Soviet soldiers, Mujahideen mercenaries, Chechen militants, Turkish special task forces ("Grey Wolves"), American and British mercenaries and instructors, etc. (Demoyan 2003, 2006, 2010; Goltz, 1995; Charalampidis, 2013, 2016; SNARK, 1994).

Secondly, the coercive measures applied towards Karabakh's Armenians led to a growing resistance among locals. The process put into motion the creation of a military volunteer movement in Karabakh leading to the development of the Nagorno Karabakh Defense Army. With little or no support (mostly from Armenians in neighboring Armenia and foreign diaspora) Karabakh managed to build an effective army from scratch. The main issue this research tries to address is the role of mercenaries and volunteers in the Nagorno Karabakh war of the 1990s.

Key words: collapse of the Soviet Union, principles of International Law, diaspora, volunteers, mercenaries.

Introduction

The '90s of the twentieth century represent a tectonic shift in the world politics. The collapse of the Soviet Union revealed numerous unresolved territorial and ethnic conflicts, which remained concealed for dozens of years. One of the most problematic regions of those days was South Caucasus. The conflicts that broke out in 1990s are still tense and vital.

The emergence of numerous actors in the Nagorno Karabakh war is an important aspect that cannot be ignored. New-born states in South Caucasus had to overcome the consequences of the Soviet Union's collapse, endure economic crises and persevere through the turbulences related to the state-building process. To top this off, territorial disputes had to be resolved. Along with some other administrative units, republics and regions, Nagorno Karabakh Autonomous Oblast - an enclave within Azerbaijani Republic in South Caucasus - proclaimed its right to self-determination. Political and economic weakness of the

new born states and indifference of the international community let different official and unofficial actors denote their interests and get involved in the conflict. Turkey supported Azerbaijan in its right to sovereignty and territorial integrity and interfered in the war both officially, by sending military advisers, and unofficially, by exporting militants (Aivazyan, 2011; Demoyan, 2010; Goltz, 1995; Rowell, 1994). Chechnya and Afghanistan unofficially helped with militants, while considering this conflict religious. Former officers of the Soviet Army were engaged in the conflict for mostly economic reasons, as a matter of survival. British and American instructors and mercenaries arrived in South Caucasus as soldiers of fortune. While Soviet authorities supported territorial integrity of Azerbaijani Republic, Russian authorities remained indifferent at the time being. Apart from locals in Karabakh who started to organize self-defence troops, Armenians from Armenia and diaspora darted for the conflict as volunteers in order to restore historical justice, exercise the right of peoples to self-determination and defend Armenian population in Karabakh.

All parties involved have contributed to the conflict. Pursuing different and often polar interests, they added more complexity to the territorial and ethnic dimensions of the conflict. In order to define the role of the actors involved in the war we roughly divided the participants into two main groups: the fighters on Azerbaijani side and freedom fighters on Karabakh's side. Concepts such as mercenarism and volunteerism seem to be underestimated in Karabakh war. We consider the role of Armenian volunteers to have been nothing less than crucial. They became the ones who founded Artsakh military forces from scratch, fighting and gaining military experience in the battlefield. Armenian volunteerism speaks volumes about the nature and the spirit of Karabakhis.

At the same, time mercenaries hired by Azerbaijan were not that meaningful and effective. In general, mercenaries on the Azerbaijani side point to the fact that in the absence of spirit within national forces, Azerbaijan is likely to keep hiring third parties if large-scale conflict breaks out again. Israeli drones used against Karabakh in April 2016 seem to prove this idea (Crosbie, 2016; Surkes, 2016). No matter whether they are foreign fighters or private military and security companies, Azerbaijan tends to hire additional forces. This assumption demonstrates the overall military policy of Azerbaijan.

The classification of involved party groups in the conflict and evaluation of their role and impact in the course of the war in Karabakh can be an important analysis for decision makers. The research can be utilized by the experts of the OSCE Minsk group responsible for the Karabakh peace settlement. There are many facets which can be dissected in territorial and ethnic disputes. In the Karabakh case, mercenarism and volunteerism are the example of non-official engagement that influenced the outcome of conflict.

Methodology

For research purposes we reviewed primary and secondary sources. Speaking about the Karabakh war's participants in the 1990s, we can refer to the Geneva Conventions of August 12, 1949, and Protocol I of June 8, 1977. The International Convention against the recruitment, use, financing and training of mercenaries adopted by the UN in 1989 was non-applicable as it came into force only in 2001.

According to Article 47 of Protocol I of the Geneva Conventions, a mercenary is any person who: (a) is specially recruited

locally or abroad in order to fight in an armed conflict; (b) does, in fact, take a direct part in the hostilities; (c) is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a Party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that Party; (d) is neither a national of a Party to the conflict nor a resident of territory controlled by a Party to the conflict; (e) is not a member of the armed forces of a Party to the conflict; and (f) has not been sent by a State which is not a Party to the conflict on official duty as a member of its armed forces (Protocol, 1977, 47).

The problem lies in the cumulative principle of the Article - in order to be qualified as a mercenary, a person should meet all abovementioned conditions. Otherwise, it is next to impossible to prove responsibility for mercenarism.

General ideas on volunteerism were also examined based on the Additional Protocols to Hague Conventions; the UN “Report on the question of the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination”; official letters of Armenia and Azerbaijan submitted to the UN Special Rapporteur on the use of mercenaries.

The problem presents the status of all sorts of volunteers on the Karabakh side. Under International Humanitarian Law it is hard to identify Armenian participants as volunteers due to unrecognized status of Nagorno Karabakh - the land of Nagorno Karabakh is de-facto Azerbaijani territory. All freedom fighters who try to exercise their right to self-determination are recognized as separatists or illegal armed groups. The sensitive issue of moral choice is either to resign to the current status of a de-

pendent territory within the alien state or to fight for independence, transforming the latter groups into illegal ones, with all entailed consequences.

Despite legal limitations, the Nagorno Karabakh case cannot be dismissed. The assumption that the numerous fighters for freedom in Karabakh were (and remain) volunteers seems logical.

Literature on historical aspects of mercenarism, «soldiers of fortune», etc. include works of Isenberg, D and Wing, I. Some general aspects of outsourcing of government military functions to third parties, «privatization of war», ideas on military existence without states, etc. are encompassed in works of Abrahamsen, R., Avant, D., Krahnemann, E., Mandel, R., Verkuil Paul, R.. The analysis of the transformation of warfare, new and old forms of violence were studied by Kaldor, M. and Crevelde, M. vann.

The historical context of the Karabakh war was studied based on the Russian and English language academic works, research reports, newspapers and magazines, a compendium of documents and periodicals, videos on self-defence forces and mercenaries in the conflict. Some political and military aspects were researched based on numerous interviews - mostly with Armenian veterans, both from diaspora and Karabakh. Thirteen semi-structured interviews were with politicians, volunteers, national heroes, commanders, journalists and film director who shot chronicles on the battlefield and after the war and were conducted in the period between December 2016 and June 2017. These interviews were complemented by several informal discussions with widows and children of victims, civilians and commanders alike.

The problem of using volunteers and mercenaries, as well as the classification of the actors involved, has been poorly scholarly studied due to the lack of broad research, particularly in the Nagorno Karabakh conflict. There are many valuable pieces of personal evidence provided by the veterans of that war - both locals, and fighters from Armenia and diaspora. There is also evidence from journalists and film directors who worked in the zone of conflict. There is a lack of Azerbaijani sources of information on the problem of using volunteers and mercenaries.

The literary sources on mercenaries encompass a number of works of Hayk Demoyan on the use of Islamist mercenaries and Turkish military advisors in the conflict (Demoyan 2003, 2006, 2010) and Ioannis Charalampidis' studies on the use of a variety of mercenaries hired by Azerbaijan (Charalampidis, 2013, 2016). Demoyan mostly focused on Turkish involvement and its support of Azerbaijan through the means of mercenaries and military advisers. Charalampidis studied both the impact of mercenaries on Azerbaijani side of the conflict, and the legal aspects of self-determination and the use of mercenaries and volunteers.

The problem of jihad in the war was reflected in the research of Michael Taarnby (Taarnby, 2008). Focusing on religious aspects, Taarnby attributed the failure of jihad mission in Nagorno Karabakh to the fact that it turned out to be «the single most decisive defeat of Mujahideen coming to the aid of a perceived beleaguered Muslim nation (Taarnby, 2008, p. 2).

Different approaches to analysis of volunteerism and mercenarism with regard to the Karabakh war were taken by Dzjemma Panojan (Panoyan, 2009), who carried out a comparative analysis of volunteers and mercenaries under IHL.

A great deal of historical issues in the Caucasus were very well studied in the collective monograph of Michael Volkhon-

sky and Vadim Muchanov (Volkhonsky, Muhanov, 2009). Cases with the use of Russian mercenaries were reflected in numerous videos and media coverage, though there is no worthy scholarly research on the matter.

The current research is based on the principle of people's right to self-determination. At the early stages of the conflict, most of the respondents were inspired by the idea of «Miatsum». In the course of warfare they defended plots of land of their ancestors once transferred to the Republic of Azerbaijan by the Bolsheviks. Armenians kept in mind the idea of restoration of historical justice in the broadest context. This idea was reinforced by the thoughts of a number of commanders. Monte «Avo» Melkonyan's aspirations were to bring back Armenian lands: «After Nagorno Karabakh – Nakhichevan, after Nakhichevan – Javakh and definitely, definitely occupied territories of Western Armenia» (*Dashnakk, Video*, 2012, min. 31:11–31:24). A similar goal was proclaimed by another commander, Leonid Azgaldyan: «If anyone declares me dead, do not believe it. I will die next to Istanbul gates!» (Melkumyan).

The conflict in Nagorno Karabakh broke out at the time of the Soviet Empire's decline. With its collapse, numerous conflicts erupted all along its new borders with the former republics, launching more complex processes. Ironically, the conflict in Nagorno Karabakh is of the same age as the Soviet Union, but its active stage dates back to the end of the 1980s. In that period the clashes between Armenians and Azerbaijanis increased, bringing about more tension.

The foundation for the future Artsakh Defense Army was laid down in 1988 with clandestine self-defense units, followed by the beginning of the «Miatsum» movement, anti-Armenian pogroms in Sumgait and later in Baku. At that stage the aim was

to ensure safety in North Artsakh, Armenian villages in Shahumian region and at the Hadrut border. Almost each Armenian settlement had its self-defense units consist of local men (Volkhonsky, Muhanov, 2009). In the middle of 1989, the Congress of People's Deputies of the Nagorno-Karabakh Autonomous Region elected a National Council, in order to enforce the decision of reunifying Armenia with Nagorno-Karabakh (Volkhonsky, Muhanov, 2009; Melik-Shakhnazarov, 2009).

The official Soviet policy, reflected in its support of Azerbaijan, prescribed its South Caucasian troops to disarm and apprehend Armenian militants (Arutyunyan, 2013; Melik-Shakhnazarov, 2009; Vaneskegyan, 1991). As we can see - one man's volunteer is another man's militant. National liberation movement in Nagorno Karabakh had little or no resonance with the Soviet authorities. With the dissolution of the Special administration run by A. Volsky, followed by the decision of reunification of Armenia and Nagorno Karabakh, Soviet leaders deployed additional troops in Nagorno Karabakh, especially in Shahumian region (Volkhonsky, Muhanov, 2009).

Soviet policy expressed its support of sovereignty and territorial integrity of Azerbaijan, reinforced the newly formed Azerbaijani special task police force (OMON), fuelling tensions in the region. More Armenians from Nagorno Karabakh, neighboring Armenian regions and foreign diaspora joined the liberation movement.

Provision of weapons was not an easy task for Armenian volunteer troops. In the beginning of 1990 small batches of weapons were illegally exported from Russia and other republics. Even homemade guns, rifles, and any kind of improvised items of armament were of great value. Later in September 1990, Armenian Revolutionary Federation «Dashnaksutyun» took a

decision to help Armenians in North Artsakh (Volkhonsky, Mullanov, 2009). Since then, sponsored by foreign diaspora, more resources including volunteers were sent to the region.

The liberation movement in Nagorno Karabakh received a lot of solidarity and compassion from Armenians all over the world and almost no response from Soviet authorities. If we look at that period of Soviet history it becomes clear that the endorsement of Azerbaijan in its fight against Armenians in Nagorno Karabakh stems from close decay of the Soviet Union itself. By the time a number of soviet republics had proclaimed independence and started to depart from the USSR. Baltic republics were among the first to get sovereignty. On August 23, 1991, Armenia proclaimed independence. In order to preserve shards of the disintegrated empire, the leaders of the Soviet Union sanctioned “Ring” military operation against Armenian villages in Nagorno Karabakh.

By that time (April 1991) numerous volunteers organized self-defense detachments mostly around Armenian villages. Before this operation, it seemed possible to repel attacks on Armenian villages through joint efforts of volunteers. But in the face of ongoing support of Azerbaijani position on Karabakh from central authorities, it became next to impossible to withstand the pressure. The first victims of “Ring” operation were locals from Getashen¹ and Martunashen villages² of Shahumian region.

According to witnesses’ recollections, the leaders of the two self-defense groups in Getashen and Martunashen villages were

1 Here we can name Tatul Krpeyan – the leader of *The Dashnakcakaner* together with his comrades Artur Karapetian and Hrachya Atanesyan.

2 Leader of *The Arabo* self-defense group – Simon Hachikgezian.

very contrasting commanders: a true fedayee³ Tatul Krpeyan and a geologist Simon Achikgezian. This remarkable testimony speaks volumes about the participants of the liberation movement. At the early stage of the conflict they were ordinary people from Armenian villages with non-military professions such as doctors, teachers, scientists, priests, drivers, workfolk, etc. Though, of course there were veterans of WWII with certain military experience among elderly people. A number of middle-aged men also had experience from the war in Afghanistan. Some younger locals served in the Red Army. But most of the locals were far removed from war-related activities. All in all, people's volunteer troops stood together in defending their villages in the early 1990s.

Operation "Ring" resulted in driving Armenians out of 24 villages all around Artsakh territory, with their loss of control over Shahumian region. Together, this also led to greater solidarity among Armenians and better coordination of command's efforts (Volkhonsky, Muhanov, 2009).

Ethnic oppression of indigenous people and attacks against Armenian police forces in Karabakh resonated in acts of sabotage and attacks against Azerbaijani OMON and the supporting Soviet troops Melik-Shakhnazarov, 2009; Olenev, 2003.

On May 10, 1991, Armenian self-defense forces struck units of Soviet Army that used heavy weapons against Armenians. July was marked by air strikes against Armenian village Erkej. That was the first case of missile attacks against civil sites. Azerbaijani forces, backed by Soviet troops, occupied several Armenian villages in Shahumian region, but Armenians had managed to escape (Melik-Shakhnazarov, 2009).

³ Literally a fedayee is a person who is ready to sacrifice life while fighting for his beliefs, ideas or principles.

In August, when Soviet troops made an attempt to deport Armenians from Aterk village of Martakert region, self-defense forces captured over 40 Soviet soldiers, with weapons and heavy armor (Melik-Shakhnazarov, 2009). It is noteworthy that cases of desertion from the Soviet Army were frequent in those days. Some airborne troops' officers joined Armenian self-defense forces in their fight for freedom (Aivazyan, 2011; Baranets, 1999; Melik-Shakhnazarov, 2009). Still, most of them joined Azerbaijani forces, which is quite understandable due to the traditionally established official Soviet support of Azerbaijan.

The situation described by A.Kulikov, Chief of Interior Armed Forces of the Caucasus territorial command, speaks volumes about the chaos in the Soviet Army. "An undeclared war with the interior forces involved brings casualties and adversely affects officers. Soldiers become volunteers and desert from army without awaiting mere formalities. Over a hundred of them have deserted. Military force won't solve the conflict. This war has no chance of success". (Melik-Shakhnazarov, 2009, p. 577).

The oppression of Armenians in Karabakh made the war inevitable and self-defence troops had to develop themselves into more structured and organized forces. July 1991 witnessed a new step towards the development of the Artsakh Defense Army, when Clandestine Self-defense Forces Committee and Self-defense Headquarters were set up⁴.

The ensuing August putsch drastically changed the situation in South Caucasus. Right after this, Azerbaijan proclaimed independence (August 30, 1991). In turn, Nagorno Karabakh proclaimed independence within the borders of Nagorno-Karabakh Autonomous Region, including Shahumian region, cleared

⁴ It included R.Kocharian, S.Sargsyan, M.Petrosian, V.Balayan, etc.

out by the Azerbaijani OMON and Soviet troops (September 2, 1991).

In September 1991 Soviet troops had stopped interfering in the conflict between Armenia and Azerbaijan. This directly impacted the military balance in the region. Armenians recaptured most of villages of Shahumian region (Volkhonsky, Muhanov, 2009). At this point in time, groups of Armenian diaspora had joined Nagorno Karabakh self-defense forces. The geographical distribution of Armenian expatriates was impressive. Along with Armenians from Baku and Yerevan, there were Armenians from Russia, USA, Lebanon, Syria, Israel, Georgia, Estonia, France, Greece etc., let alone non-Armenians who were also involved as volunteers (Armenian Military Portal, Vk; *Channel documentary Video*, 2005; Slobodyan, 2016; Interviews with Sarkis Hatzpanian and Arkady Ter-Tadevosyan).

Hrant Margarian, an Armenian from Lebanon and one of the leaders of the Armenian Revolutionary Federation' World Bureau, was responsible for distribution of weapons and sending volunteers to the region. He was also engaged in forming guerrilla troops (*Channel documentary, Video, 2005*). Some of the most successful commanders of that war were Armenians from foreign diaspora, such as Monte Melkonian from USA, Karo Kahkejian from Syria, Arkady Ter-Tadevosian from Georgia, Jirair Sefilian from Lebanon, etc.

Non-Armenian volunteers were also engaged in the conflict. Here we can name Greeks, Yezidis, Assyrians, Croats, Russians, Ukrainians, Ossetians and at least one Turkmen. The Turkmen, whose nickname was "Basmach"⁵ did not emerge in the conflict by chance. He was a veteran of the recent Afghan war and had

⁵ In other words – a Central-Asian militant fighting against Bolsheviks.

served together with an Armenian soldier. Once Basmatch was injured, the Armenian friend (later killed in battle) donated his blood and saved his life. When war broke out in Nagorno Karabakh, Basmatch decided to take his Armenian friend's place and join the self-defense forces. He was killed in December 1993 and became the first and perhaps the only Muslim soldier buried in Erablour Military Pantheon (Armenian military portal, Vk).

Another non-Armenian volunteer, Dimitry Motrich also joined Karabakh's liberation movement and was killed in November 1992. A month later his father came to Karabach in search of the son, decided to join self-defense forces and he himself took up arms (Balayan, 1993). There are numerous personal stories of volunteers who came for the purpose of Nagorno Karabakh liberation.

To revert to the question of efforts of recapturing Armenian villages in Shahumian region, an indispensable contribution of that success must be attributed to a new commander, Monte Melkonian, an American with Armenian origins. His self-defense units managed to take a number of Armenian villages under their control with minimal casualties (Personal interview, a volunteer No1).

It must be said that on the eve of Soviet Union's collapse, military units in South Caucasus found themselves in desperate conditions. Abandoned at the backyard of the dying empire with no future prospects, no place to live and with months-long salary arrears, Soviet soldiers tried to survive at any cost. Munitions, heavy armor and crew were of great value. Officers and military equipment were rented both by Armenians and Azerbaijanis to fight against one other.

The situation was both tragic and absurd. Soldiers of the same regiment happened to fight against each other (de Vaal,

2010). Hired by the Azerbaijanis, they sometimes warned their fellows on the Armenian side about upcoming shelling. Upon the order to attack Armenian positions, Russian soldiers sometimes earned money from the Azerbaijanis and then increased the sum by promising the Armenians to miss the target when shelling.

On the question of the use of mercenaries, the report states: *“for each shell fired at the Azerbaijani town of Shusha, soldiers in the regiment got 20 liters of alcohol from the Armenians, and for a night sortie by one infantry combat vehicle against a ‘military’ target the commander was paid a thousand roubles”* (UN Report, 1994).

On November 26, 1991, Azerbaijan liquidated Nagorno Karabakh as an entity and sanctioned a large-scale offensive operation against Nagorno Karabakh which resulted in an economic blockade of the region (Volkhonsky, Muhanov, 2009).

On December 8, 1991, Soviet Union had officially disappeared from the map. Two days later, on December 10, a national referendum in Nagorno Karabakh proved 99,89% support for independence (Kazanjan, 1997). December 15 marked the beginning of Soviet troops’ withdrawal from South Caucasus. On the one hand, the referendum inspired more volunteers to join self-defense forces. On the other hand, the withdrawal process drew in lots of Soviet officers on both sides of the conflict. The persistent Soviet support of Azerbaijan made most of them stick to the strategy against Armenians in Nagorno Karabakh. However, it should be noted that Azerbaijan was much more solvent than Armenia and Nagorno Karabakh at the time.

Returning to the withdrawal of the Soviet troops from Caucasus we can see a shift in military confrontation. In the end of 1991 – beginning of 1992 Azerbaijan found itself in a difficult

situation of no support from qualified officers. It started to hire mercenaries: former Soviet pilots, Chechen militants, mujahideens from Afghanistan (Demoyan, 2003; Taarnby, 2008), even British and American instructors (Goltz, 1995; Cox, 1994; Rowell, 1994). There were also Turkish military advisers, but they cannot be considered mercenaries due to their official contracts with the Azerbaijani army (Protocol, 1977).

At the same time Azerbaijan had an advantage in armament, inherited from the Soviet Army. At the very end of December 1991 Stepanakert city experienced heavy shelling by surface-to-air missiles, BM-13, BM-21 multiple rocket launcher vehicles, «Grad» rocket systems, anti-tank cannons and was destroyed.

This period was marked by the next steps towards the Defense Army of Artsakh. On January 28, 1992, when Self-defense Headquarters was comprised of 10 companies totaling nearly 1000 armed men, the establishment of official Armed Forces of Artsakh was declared. A number of former Soviet officers with Armenian origins either joined Armenian or newly formed Artsakh armed forces. Some statistics state that there were approximately 180 soldiers including 22 officers who joined Self-defense forces (Jirokhov, 2012).

The goal at that stage was to put fragmented volunteer self-defense units under a central command. This task was delegated to a Self-defense Committee founded in the end of March. Arkady Ter-Tadevosyan was appointed Commander.

An evacuation of military equipment and personnel from Stepanakert also took place in March. That was the chance to capture some equipment and heavy weapons left there for the time being. Armenians managed to receive and hide 9 out of 10 tanks, up to 20 armored personnel carriers and armored infantry fighting vehicles. The equipment was immediately transported

to the front line and it is known to have been used in a battle near Askeran in March (Personal interview, a volunteer No2). Armenians tried to negotiate the last tank left but Soviet command remained adamant and detonated it (Jirokhov, 2012).

A small note about armament and equipment distributed between the newly formed republics. It is clear that the process of distribution was both lengthy and bureaucratic. Though the Treaty on Conventional Armed Forces in Europe (CFE) formally set quotas for the Caucasian republics, the terms and procedures were not specified (Agreement, 1999)⁶. Russia itself signed it only in July 1992, and Azerbaijan and Georgia never ratified it. During several months of uncertainty ammunition storages were looted and many pieces of equipment were sold. Azerbaijan found itself in a more privileged situation due to its solvency and ability to bargain. On the contrary, Armenians were actually largely forced to capture military equipment in battles. In any case, there was a great general military imbalance between Armenia and Azerbaijan, in favor of the latter.

Turning to the main issue of the research - in April 1992 Self-defense Headquarters reported three units of Turkish volunteers or mercenaries each totaling some 50 individuals (Aivazyan, 2011, p. 581). There was also evidence of direct involvement of «Grey wolves» – Turkish special task police forces in the conflict (Demoyan, 2003, 2006, 2010; Charalampidis, 2013, 2016). However, it is hard to say if the particular Turkish units were comprised of «Grey wolves».

⁶ Under the Tashkent Treaty between the CIS countries signed on 15 May 1992 Armenia, Azerbaijan and Georgia got 220 tanks, 222 armored vehicles, 285 artillery systems, up to 100 combat aircrafts and 50 helicopters.

Russians were also frequently used as mercenaries. In the April 1992 interview with Commander of the Shahumian Self-defense forces, Shagen Megrian, he complained about Russian officers arriving from Ganji for weekend earnings (Aivazyan, 2011, p. 584). These days artillery, tanks and helicopters emerged near villages. In April a Russian mercenary, Alexey Kotov, was killed near Karachinar village in Armenia (Avetisyan, 2017).

Russian pilots were often hired by Azerbaijanis. Self-defense soldiers were sure that officers who piloted aircrafts and helicopters were Russian (Aivazyan, 2011, p. 584). The guess was right, as in July Karabakh anti-aircraft defense forces shot down an Azerbaijani combat aircraft near Martakert region. The pilot was Russian senior lieutenant Igor Borodin (*Comments to the video of Shirinyan, 2017*). Shot-down Azerbaijani aircrafts piloted by the Russian mercenaries became a more frequent occurrence later (Savichev, 1992; *Falsifications of history in Azerbaijani Republic* Фальсификация истории в Азербайджанской республике, *Videos, September 2015, 2016; Channel on war, weapons and Russian history* Канал о Войне- Оружии и Русской истории, *Video, October 2015; Shirinyan, Video, 2017*).

May 1992 is famous for two main operations - when Shushi was recaptured and the Lachin Corridor was overrun. The opening of the seized “Road of life” between Armenia and Nagorno Karabakh lifted the blockade and let goods and bare essentials reach the war-torn region. Shushi operation became a turning point in the campaign, but the final victory was far from being reached. Hostilities all along the eastern front - Shahumian, Martakert, Askeran, Martuni and Hadrut regions, still continued.

In June, a new administration led by Abulfaz Elchibey came into power in Baku. During this month Azerbaijan organized

large-scale operations in all eastern regions, from north to south. Equipped with 4 armored vehicles, 1 tank, 1 “Grad” rocket system and 1 howitzer, 430 volunteers from Karabakh and Armenia fought in Shahumian region against Azerbaijan’s superior forces, totaling some 4000 fighters reinforced with 4 tanks and 2 motor-rifle battalions and 4 independent/ separate battalions. In Askeran region 1,000 Armenian fighters fought with 4,000 Azerbaijanis. In Martakert region 2,500 self-defense fighters from «Tigran Metz», «Azatagrakan Banak», «Arabo» and other units reinforced with some 30 armored machines fought against 11,000 Azerbaijani forces equipped with 160 armored machines. In Martuni region self-defense units comprised of Armenian volunteers from Armenia and Turkmenistan led by Arkadi Zakarian retained control over a strategic village Myurishen. At the same time Monte Melconian unit managed to defend two strategic villages - Karmir Shuka (Krasnyi Bazar) and Machkalashen. Self-defense units under the command of Artur Agabekian withstood superior Azerbaijani forces in Hadrut region (Forum Vardanank, 2007).

On June 18, Supreme Council of Nagorno Karabakh declared a state of emergency and announced mobilization. During the summer months, villages had repeatedly changed hands. On August 12, martial law was declared. Nagorono Karabakh State Defense Committee was founded several days later. The task was to put fragmented self-defense units under a centralized command and to launch conscription. The recruitment almost doubled military personnel increasing the number of servicemen to 14,000 by autumn. Reorganized armed forces encompassed 8,000 locals with nearly 6,000 other Armenians both from neighboring Armenia and foreign diaspora. For comparison purposes – Nagorno Karabakh forces totaled 8,000 individuals in June.

Bloody summer operations were accountable not only for mercenaries hired by Azerbaijan. The main reason remained the significant military superiority of Azerbaijan. By June 1992 it had 237 tanks, 325 armored combat vehicles, 204 armored personnel carriers and armored infantry fighting vehicles, 170 artillery pieces, all kinds of munitions and other techniques inherited from the Soviet Army dislocated in Azerbaijan (Melik-Shakhnazaryan, 1997). In addition Azerbaijanis captured more than 15 aircrafts located in Nasosniy airbase, right before they were to be moved to Russia. On June 9, Russian Minister of Defense Paul Grachev gave an emergent order to redeploy the fleet (MiGs and SU-24) to Russia. It is known that Air Force colonel Vladimir Kravtsov shared this information with Azerbaijan in advance. Later V.Kravtov was promoted to the rank of General, and appointed top commander of Air Force of Azerbaijan (Jirokhov, 2000).

Mercenaries hired by Azerbaijan also added fuel to the fire. In August, an Azerbaijani bomber aircraft MiG-25 piloted by Ukrainian mercenary Yuri Belichenko was shot down. His one and only mission was the bombing of Armenian villages. During interrogation he pointed out that there were few Azerbaijani specialists piloting aircrafts (Savichev, 1992). Y.Belichenko himself was hired under a verbal agreement and was promised 5,000\$ and a flat for his work. The task was to bomb civilians. He admitted that mercenarism was a forced job for many Soviet officers, who found themselves in desperate situations with no flats, no salaries, no work and no prospects.

In early 1992 in the guise of oil exploitation a representative of American company «MEGA Oil» Garry Best arrived in Azerbaijan. Under the veil of numerous oil derricks renovation projects there was an idea of training Azerbaijani forces with the help of American instructors (Goltz, 1995; Rowell, 1994). Un-

der an agreement with A.Mutalibov's administration, Garry Best brought 30-35 instructors to Azerbaijan. But political struggle in Baku, followed by regime change, with A.Elchibey announced as the new president. It soon turned out that there were neither official oil contracts, nor military training agreements with Azerbaijani authorities. Cheated American instructors started to leave the country. With a lack of good instructors G.Best recruited mujahideens and low-qualified mercenaries from the West. A mixture of ill-trained Azerbaijani soldiers and Afghani mercenaries led to heavy losses of thousands of people in the winter campaign of 1993 (Goltz, 1995).

The start of 1992 was also marked by non-official contacts between Azerbaijan and Chechnya. Dzhokhar Dudayev rejected the idea of direct involvement in conflict, and limited participation of Chechen militants to unofficial groups of volunteers with a salary of 600-1000 roubles per day. Recruitment took place in Grozny and soon Shamil Basaev, together with a group of militants, arrived in Karabakh. There were about 300 Chechen mercenaries engaged in hostilities by June (Demoyan, 2010, p. 28). As fighters they were good at guerrilla tactics and street clashes, but ineffective in offensive operations and in showdown fight. They suffered heavy losses fighting against the Armenians. Most Chechens left Karabakh in 1993. On a side note, Chechens and mujahideens frequently formed punitive units preventing desertion among Azerbaijanis.

It is worth mentioning that Chechnya had much in common with Karabakh. Being an unrecognized territory within Russia it also struggled for freedom and though the goal of the two territorial units was similar, Karabakh's movement didn't receive solidarity among Chechen fighters. Those days there were a number of fighters for independence, among them Talyshi and Kurds. Although these minorities also participated in the Kara-

bakh war, they were not organized in a way the Chechens were. Talyshi actually were conscripted to the army of Azerbaijan and the number of Kurdish mercenaries were relatively small.

Meanwhile, the war continued. In August, three Azerbaijani SU-24 bombers attacked Stepanakert targeting a dormitory with refugees from Martakert region and killing 14 civilians (Personal information gathered via Facebook). At the end of August Ashot Gulyan («Bekor» or «Shard»), who fought for Shushi, was killed in a battle near Drumbon village in Martakert region.

A turning point in the campaign took place in autumn 1992, when a shift from defensive to offensive operation was seen. Under the command of an American Armenian Monte Melkonian a number of villages in Martuni region were recaptured. Monte “Avo” Melkonian was a true commander who inspired many volunteers to fight for their land. He was the one who did not let locals flee from horrors of war and abandon their villages. He knew very well that without this backing, soldiers would definitely be defeated.

Like many other troops, the “Avo” unit was an example of mixed volunteer forces, including Ukrainians and Cossacks. One of my interlocutors, a veteran of that war, spoke of his Ukrainian father-in-law. He was an officer in the Soviet Army when the war broke out. He joined Karabakh volunteer movement for independence and fought together with locals. Since he was a tankman, he organized military courses in Karmir Shuka (Krasnyi Bazar) village near Machkalashen, where he trained tank crews. When “Avo” was killed, the relative left Karabakh for his hometown Lvov (Personal interview, a volunteer No2).

A group of Cossacks in “Avo” unit were professionals who did a solid job fighting hand to hand with the rest of the volunteers. They were the ones who hijacked an Azerbaijani tank

in autumn 1992. The tank was in service for 6 months. There were other groups of Cossacks, but they were undisciplined and often died in a foolish manner - freezing to death or crossing the frontline while drunk. Because of the mess of the situation, these groups were asked to leave Karabakh (Personal interview, a volunteer No2).

Examining the participants of the conflict, it must be said that there too were mercenaries hired by the Armenians (UN Report, 1994). Under the UN report on the use of mercenaries there were some 13 Russian mercenaries engaged in subversive activities against Azerbaijan. In particular, during an operation of destroying three tanks and an armored vehicle, two mercenaries were killed and the other six were rewarded for the job (HRW Report, 1994). During a later task of exploding a bridge, five mercenaries were killed and the remaining six were apprehended and convicted of death penalty under Azerbaijani law. All of them were later extradited to Russia.

The report also names two French female citizens among Armenian mercenaries. They were likely to have been sharpshooters (UN Report, 1994). In the report these women were named as mercenaries, though it is probable, that they had Armenian origins and joined self-defense forces as volunteers. Women fought side by side with men during the conflict. A female platoon of 8 women was known of (Aivazyan, 2011, p. 583). A mother-in-law of one of my interlocutors fought in Askeran region. Naira Sahakyan participated in Shushi operation and was nicknamed «Fox of Shushi» (Encyclopedia of Hayazg foundation). Along with locals and Armenians (both from Armenia and the diaspora) there was a group of Ossetians who fought in Martakert region and engaged in Fisuli operation in 1993 (*HS, Video, 2011*). There were Estonian volunteers (Mirzoyan, 2009; Estonian Volunteer), let alone Russians.

Meanwhile the hostilities continued. In October, Armenians shot down Azerbaijani SU-25 aircraft piloted by a Russian officer Alexander Chernousov. He jumped out of the craft, but the parachute failed to release. In January 1993, two more Azerbaijani combat aircrafts MiG-21 and one SU-24 that were shot down were piloted by Russians. The only survivor - Anatoly Chistyakov - was imprisoned and interrogated. He said that he took part in approximately 30 flights and was paid 5000\$ per operation. He was tasked to bomb cities and villages in order to spread panic among citizens. Under his estimations there were some six Russian pilots hired by the Azerbaijani Air Forces. A.Chistyakov committed suicide during the investigation (*Channel documentary, Video, 2005*).

The first quarter of 1993 was marked by heavy battles. At the same time, Armenians managed to take Sangsar reservoir and a strategic sector of Martakert-Kelbajar road under control. April brought heavy losses in Azerbaijani forces. A.Elchibey suspected Russia of supporting Karabakh and accused it in sending mercenaries to help Armenians. It must be mentioned that the failures in the battlefield partly can be attributed to intensified political struggle in Azerbaijan.

In order to improve the situation Azerbaijan turned to different forces. This is why there were Turkish and Iranian military advisers (Demoyan, 2010; Rowell, 1994) together with American and British instructors hired to train Azerbaijani forces, Russian and Ukrainian specialists engaged in piloting aircrafts, Chechen and Afghan militants hired to reinforce military efficiency etc. At the same time, Karabakhis participated in actual offensive and defensive operations, in partisan war etc. As far as the Karabakh movement, it is considered to be a volunteer one - the newcomers had to learn fighting from the very beginning, regardless of their general occupation.

According to non-official estimations, by summer 1993, after the two year military campaign, self-defense units of Karabakh had grown into efficient armed forces totaling 20,000 people. Their track record constituted for 14 shot down Azerbaijani aircrafts and 17 helicopters with 165 tanks and 200 different kinds of armored vehicles on its balance (Aivazyanyan, 2011, c. 624). For comparison purposes - in Autumn 1993, Azerbaijani forces encompassed 70,000 soldiers including up to 5,000 mercenaries with 240 tanks, 650 armored personnel carriers and armored infantry fighting vehicles, nearly 100 armored reconnaissance scout vehicle (BRDM), 520 artillery shelling systems, less than 50 aircrafts and 30 helicopters (Forum Vardanank, 2007).

These figures seem to be more or less accurate, as it is known that by the end of 1993 the ratio of Armenian to Azerbaijani army was 1:3 with 35,000 Armenian military personnel and 100,000 Azerbaijani armed forces (Volkhonsky, Muhanov, 2009, pp. 333-334).

By the end of summer 1993, the Artsakh Defense Army conquered a part of Fizuli and Jabrail regions. In August mujahideens emerged in the region, with different data estimating their number as 1,500 to 3,000 fighters (Taarnby, 2008). In October, there were 300 mujahideens who attacked Armenian positions in Jabrail. During this operation, incontestable evidence of Afghan participation in the war was collected. It was presented through personal documents, military maps, dictionaries and afghan currency. One of the imprisoned mujahideens unveiled that he was hired and arrived in Azerbaijan via Iran, together with a group of 20 soldiers with the same story. He was promised a salary of 5000\$, but in fact received several dollars a day. This man fought among a group of mujahideens totaling some 250 soldiers (Demoyan, 2010).

In November 1993, the Self-Defense Forces were officially transformed into Artzakh Defense Army. With the approval of the army structure, the process of the Artzakh Self-Defense Forces' formation was finished on January 4, 1994. The first half of the year saw a dramatic advance of the army with several successful operations in Martakert and Agdam regions. It must be said, that till the very end of the war Armenians kept shooting down Azerbaijani aircrafts piloted by Russian mercenaries. Such episodes took place in February and April 1994 (*Petrosov, Video, 2014; Letter, 1995*).

On May 5, 1994, three parties to the conflict – Armenia, Azerbaijan and Nagorno Karabakh – mediated by Russia, Kirghizia and the Inter-Parliamentary Assembly of CIS signed the Ceasefire agreement (the Bishkek Protocol) in Bishkek. On May 12, the Defense Ministers of Armenia and Azerbaijan and the Commander of the Artzakh Defense Army officially met in Moscow and confirmed their commitment to the document signed earlier. Excluding a number of truce violations, the ceasefire lasted until April 2016, when full-scale war in Karabakh broke out again.

Findings and Conclusion

The formation of the Artsakh Self-Defense Forces fell on hard times marked by no political or military support, reinforced with economic blockade. They encountered constant lack of military personnel resources and an absence of weapons that they later started to capture in battles. Much of success of the Karabakh war can be credited to several key factors.

First of all, the volunteer movement of Artzakh was based on the ethnic principle. This aspect helped to accumulate forces

and mobilize Armenians from all over the world into the region. The “Miatsum” movement resonated in eagerness of Armenians to join and contribute to the fight for independence. A number of respondents arrived in the zone of conflict in order to help the Armenians of Karabakh.

Another key aspect is attributed to the strong will of Armenians to restore justice and gain independence, as well as to high-levels of fighting skills acquired in the battlefield. Some of the respondents the author was lucky to interview were either tankmen or the relatives of the technical specialists died during the war.

Lastly, what helped Armenians win that war was the smart military organization when numerous autonomous units were put under centralized military command. The volunteer troops grew into efficient armed forces.

Overall failures of Azerbaijani command can be attributed to the following factors. While the people of Karabakh managed to rely upon themselves, Azerbaijan had great political support from the Soviet Union and military back up of the Soviet Army. The Azerbaijani armed forces felt a strong lack of qualified technical specialists and they themselves were not involved in warfare as much as the Armenians. Most of the time, Azerbaijani operations were backed up by Soviet military forces. Above all, these operations mostly had a coercive and punitive nature and were not truly of a military format.

Though the Azerbaijani forces exceeded those of Karabakh, they lacked smart command and organization. Besides, there was lack of motivational dimension for keeping control over Karabakh. Partly due to the mixed ethnic structure of Azerbaijan, the mobilizing principle was difficult to apply.

In assessing the role of volunteers and mercenaries in the war, we can conclude the following. It was crucial for Armenians of Karabakh to have volunteers. There were no other forces but the volunteers, and the success of the campaign undoubtedly belongs to self-defense units.

In the case of Azerbaijan, the role of mercenaries was not that meaningful and clear. Though under some estimations there were several thousands of (let us call them) “true mercenaries” (those who took a direct part in the hostilities), instructors and military advisers who fought for Azerbaijan, they did not contribute to success.

The Karabakh war is a unique example of an autonomy that though failed to exercise its right for self-determination still was able to build working state institutions including military forces. The experience of fight for independence had steered Karabakh Armenians to a certain level and helped to consolidate efforts through the years. A high level of unity and awareness among Armenians from all over the world manifested in the new April war of 2016, when hundreds of young Armenians from diaspora darted for the conflict. As well as the veterans who were ready to take up arms again. These speak volumes about defence aspect of the consciousness of Armenians. Despite the lack of legal rationale Karabakh proves its solvency by exercising political life. These dimensions are good to be kept in mind for decision-making process at any level.

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