



TRANSITION IN ARMENIA

READINGS FOR TASK 2

Reading for group 1

A major blow to the Armenian economy was the energy crises resulting mostly from the economic blockade imposed by Azerbaijan and Turkey. The bulk of energy supply in Armenia came from the Metsamor nuclear power plant, which provided roughly one-third of Armenia's generating capacity (1). After the Chernobyl disaster there were growing concerns regarding its safety, which grew into panic raised by protests organized by the Green Party of Armenia after the devastating Spitak earthquake (the epicenter of the earthquake was only 100 kilometers away from Metsamor). As a result, the Metsamor Power Plant was shut down in 1989. After the country's independence and as soon as the war started, Turkey and Azerbaijan closed their borders with Armenia and put a fuel embargo on the country. At the same time, Azerbaijan blocked the natural gas pipeline from Turkmenistan that passed through its territory, thus cutting off about 90% of the natural gas supply to Armenia, while the supply from a new gas pipeline, built in 1993 through neighboring Georgia, was regularly interrupted by acts of sabotage. The gas pipeline through Georgia was blown up 42 times, and the railroad running through the territory of Georgia was wrecked 21 times (2). Armenia was left to rely almost entirely on its hydro-power resources, at great expense to Lake Sevan, one of the country's most precious natural resources. Between 1992 and 1996, customers suffered through several of Armenia's brutal winters with little more than two hours of electricity per day (3). The energy crisis ended only when Metsamor Nuclear Power Plant Unit 2 was restored in October 1995, making it the only reactor in the world that was restarted after closing.

Reading for group 2

By the end of the USSR, Armenia was a highly industrialized and urbanized country, with over 70% of its population of 3 287 677 (1989 census data) living in

(1) Sargsyan, Gevorg; Balanyan, Ani; Hankinson, Denzel; From Crisis to Stability in the Armenian Power Sector: Lessons Learned from Armenia's Energy Reform Experience, World Bank Working Paper No. 74

(2) Independence of the Republic of Armenia and Liberal Reforms, compiled by A. Manukyan, Yerevan 2021

(3) Sargsyan, Gevorg; Balanyan, Ani; Hankinson, Denzel, Ibid.

cities. Armenia also had one of the most advanced science and technology sectors supporting the industry. While the science mostly served the Soviet military-industrial complexes, its development also resulted in the establishment of a rich tradition in research, particularly in natural sciences such as physics, biology or chemistry, and ensured strong government support to promote education in science and engineering in Armenia. During the Soviet period, Armenia had one of the highest percentages of higher education attendees per capita in comparison to other USSR republics, and science was a particularly popular field of study (4). The Armenian Academy of Sciences was a major center of science and technology research providing support services to local industrial complexes, as well as the entire Soviet Union. Just before the fall of the regime, there were about 36 research institutions within and outside the Academy of Sciences (5).

Reading for group 3

Armenia's economy was closely tied with the USSR, with 95% of its external cooperation with the USSR, the highest among the union republics (6). Therefore, the industry, as well as the industry-linked science and technology sectors could not survive without functional ties with other Soviet Republics. Even before the independence, Armenian industry has sharply declined and the country has experienced a major blow to the economy. First, the Spitak Earthquake of December 7, 1988 not only resulted in a death toll of 25,000, 530,000 people left homeless and thousands of disabled, but it also destroyed 1/3 of country's industrial capacity. Then, the political tension, war and blockade resulted in shutting down of most industries, which led to rising unemployment and economic paralysis. Armenia's GDP contracted by about half in 1992 resulting in a significant fall in GDP per capita, and by 1996, 55% of the population were living below the poverty line and more than a quarter of the population had an income so low that they were unable to satisfy the minimum need for food (extreme poverty) (7). Armenia also had one of the highest unemployment rates in former USSR during the transition. A comprehensive study on Armenia by UNDP estimates that about 50% of all working age adults (25-49 years of age) were without formal employment by 1998 (8). Unemployment in Armenia is mainly concentrated in urban areas and was a more or less direct result of the collapse of state-owned industries following the breakdown of Soviet-era trade relations as well as the imposition of shock therapy measures (9).

(4) Karakhanyan, S., Chapter 3: "Armenia: Transformational Peculiarities of the Soviet and Post-Soviet Higher Education System"; 25 Years of Transformations of Higher Education Systems in Post-Soviet Countries <https://link.springer.com/book/10.1007/978-3-319-52980-6>

(5) Ibid

(6) Independence of the Republic of Armenia and Liberal Reforms, compiled by A. Manukyan, Yerevan 2021

(7) Torm, Nina (2003) ; The Nexus of Economic Growth, Employment and Poverty during Economic Transition: An Analysis of Armenia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan; Issues in Employment and Poverty, Discussion Paper No.13; Recovery and Reconstruction Department International Labour Office, Geneva

(8) Ibid

(9) Ibid